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Transcript Exhibit(s)

Docket #(s): WJ-02465A-15-0367

WJ-02465A-15-0370

WS-02676A-15-0368

WS-02676A-15-0371

Arizona Corporation Commission

DOCKETED

AUG 16 2016

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Exhibit #: S-1; RUCO 1; A1-A2

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE  
Chairman  
BOB STUMP  
Commissioner  
BOB BURNS  
Commissioner  
TOM FORESE  
Commissioner  
ANDY TOBIN  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
LIBERTY UTILITIES (BELLA VISTA WATER) )  
CORP., AN ARIZONA CORPORATION, FOR A )  
DETERMINATION OF THE FAIR VALUE OF )  
ITS UTILITY PLANTS AND PROPERTY AND )  
FOR INCREASES IN ITS WATER RATES AND )  
CHARGES FOR UTILITY SERVICE BASED )  
THEREON. )  
\_\_\_\_\_ )

DOCKET NO. W-02465A-15-0367

IN THE MATTER OF THE APPLICATION OF )  
LIBERTY UTILITIES (BELLA VISTA WATER) )  
CORP., AN ARIZONA CORPORATION, FOR )  
AUTHORITY TO ISSUE EVIDENCE OF )  
INDEBTEDNESS IN AN AMOUNT NOT TO )  
EXCEED \$4,700,000. )  
\_\_\_\_\_ )

DOCKET NO. W-02465A-15-0370

IN THE MATTER OF THE APPLICATION OF )  
LIBERTY UTILITIES (RIO RICO WATER & )  
SEWER) CORP., AN ARIZONA CORPORATION,) )  
FOR A DETERMINATION OF THE FAIR )  
VALUE OF ITS UTILITY PLANTS AND )  
PROPERTY FOR INCREASES IN ITS WATER )  
CHARGES FOR UTILITY SERVICE BASED )  
RATES AND THEREON. )  
\_\_\_\_\_ )

DOCKET NO. WS-02676A-15-0368

IN THE MATTER OF THE APPLICATION OF )  
LIBERTY UTILITIES (RIO RICO WATER & )  
SEWER) CORP., AN ARIZONA CORPORATION,) )  
FOR AUTHORITY TO ISSUE EVIDENCE OF )  
INDEBTEDNESS IN AN AMOUNT NOT TO )  
EXCEED \$8,900,000. )  
\_\_\_\_\_ )

DOCKET NO. WS-02676A -15-0371

DIRECT TESTIMONY  
IN SUPPORT OF  
THE SETTLEMENT AGREEMENT  
OF  
JAMES R. ARMSTRONG  
REVENUES REQUIREMENTS AND AUDIT SECTION  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

AUGUST 2, 2016

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**EXECUTIVE SUMMARY**  
**LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AND**  
**LIBERTY UTILITIES (RIO RICO WATER & SEWER CORP.**  
**DOCKETS W-02465A-15-0367, WS-02676A-15-0368,**  
**W-02465A-15-0370 AND WS-0267A-15-0371**

Mr. Armstrong's testimony supports the adoption of the Settlement Agreement ("Agreement") as proposed by the Signatories in this case. This testimony describes the settlement process as open, candid, transparent and inclusive of all Signatories to the Agreement. Mr. Armstrong explains why Staff believes the Agreement is in the public interest.

Mr. Armstrong's testimony recommends that the Commission adopt the Agreement as proposed.

**SECTION I - INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is James R. Armstrong. I am employed as the Chief Accountant of the Revenue Requirements and Audits Section of the Utilities Division ("Staff") of the Arizona Corporation Commission ("ACC" or "Commission"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. Please provide an overview of your education and work experience.**

A. I hold a Master Degree with a concentration in Accounting and a Bachelors Degree with a concentration in Finance, both received from Kansas State University. I have earned the distinction of being a Certified Public Accountant ("CPA"), though I do not practice as a CPA. I have worked in the area of utility regulation for over 30 years. Approximately 11 years of this time was spent as the Rate Manager and/or as the Manager of Financial Planning for Oklahoma Natural Gas Company. I have also served in various capacities for the Kansas Corporation Commission, the Oklahoma Corporation Commission, and the Residential Utility Consumer Office ("RUCO") in Arizona. I began my current employment with the ACC in September of 2012.

**Q. Are you the same James R. Armstrong who filed direct and surrebuttal testimony in these dockets?**

A. Yes.

**Q. What is the purpose of the testimony you are now filing?**

A. The purpose of my testimony is to support the Proposed Comprehensive Settlement Agreement ("Agreement"). I will also provide testimony which addresses the settlement process, public interest benefits, and general policy considerations.

1 Q. Did you participate in the negotiations that led to the execution of the Agreement?

2 A. Yes.

3  
4 Q. How is your testimony being presented?

5 A. My testimony is organized into three sections. Section I is this introduction, Section II  
6 provides a brief background, Section III provides discussion of the settlement process, and  
7 Section IV discusses the various parts of the Agreement and discusses the reasons why the  
8 Agreement is in the public interest.

9  
10 **SECTION II - BACKGROUND**

11 Q. Please provide a brief background of this proceeding.

12 A. On October 28, 2015 Liberty Utilities (Bella Vista Water) Corp. ("Bella Vista" or  
13 "Company") filed an application for a permanent rate increase in Docket No. W-02465A-15-  
14 0367. On November 2, 2015 Bella Vista filed an application in Docket No. W-02465A-15-  
15 0370 requesting authority from the Commission to issue evidence of indebtedness in a total  
16 amount not to exceed \$4,700,000 ("Financing Docket"). On October 28, 2015 Liberty  
17 Utilities (Rio Rico Water & Sewer) Corp. ("Rio Rico" or "Company") filed an application for  
18 a permanent rate increase in Docket No. WS-02675A-15-0368. On November 2, 2015, Rio  
19 Rico filed an application in Docket No. WS-02676A-15-0371 requesting authority from the  
20 Commission to issue evidence of indebtedness in a total amount not to exceed \$8,900,000.  
21 On November 3, 2015 Bella Vista and Rio Rico filed motions to consolidate both rate  
22 dockets and both finance dockets. On December 3, 2015 a procedural order was entered  
23 consolidation all of the rate dockets and finance dockets for further proceedings.  
24

1     **Q.     Please summarize Bella Vista's filing.**

2     A.     Bella Vista proposed total annual operating revenue of \$6,179,053. This represented an  
3           increase of \$1,554,323 or, 33.61 percent, over test year revenue of \$4,624,730. The proposed  
4           revenue increase would produce an operating income of \$1,209,727 for a 9.16 percent rate of  
5           return on adjusted original cost rate base ("OCRB") of \$13,205,189. The Company proposed  
6           to use OCRB as its Fair Value Rate Base ("FVRB"). Bella Vista's filing was based on the  
7           twelve months ended December 31, 2014 ("test year").  
8

9     **Q.     Please summarize Rio Rico Water's filing.**

10    A.     Rio Rico Water proposed a \$683,856 or 22.55 percent revenue increase from \$3,032,792 to  
11           \$3,716,648. The proposed revenue increase would produce an operating income of \$762,189  
12           for an 8.60 percent rate of return on its proposed OCRB of \$8,861,632. The Company  
13           proposed to use its OCRB as its FVRB. Rio Rico Water's filing is based on the twelve  
14           months ended December 31, 2014 ("test year").  
15

16    **Q.     Please summarize Rio Rico Sewer's filing.**

17    A.     Rio Rico Sewer proposed a \$226,351, or 15.31 percent revenue increase from \$1,478,323 to  
18           \$1,704,674. The proposed revenue increase would produce an operating income of \$460,616  
19           for an 8.60 percent rate of return on its proposed OCRB of \$5,355,381. The Company  
20           proposed to use OCRB as its FVRB. Rio Rico Sewer's rate filing is based on the twelve  
21           months ended December 24, 2014 ("test year").  
22

23    **Q.     What is the revenue increase for Bella Vista Water recommended by the Parties?**

24    A.     For Bella Vista, the Parties agreed to a total revenue requirement of \$5,569,296, which results  
25           in an increase in revenue equal to \$958,954 over test year revenue, an increase of 20.80  
26           percent.



1 **Q. What is the revenue increase for Rio Rico Water recommended by the Parties?**

2 A. For Rio Rico Water, the Parties agreed to a total revenue requirement of \$3,886,431, which  
3 results in an increase in revenue equal to \$814,262, over test year revenue, an increase of  
4 26.50 percent.

5  
6 **Q. What is the revenue increase for Rio Rico Sewer recommended by the Parties?**

7 A. For Rio Rico Sewer, the Parties agreed to a total revenue requirement of \$1,640,590, which  
8 results in an increase in revenue equal to \$162,266, over test year revenue, an increase of  
9 10.98 percent.

10  
11 **Q. What is the overall rate of return recommended by the Parties for the Companies?**

12 A. The Parties agreed to an overall rate of return of 7.72 percent for the Companies, with a 9.70  
13 percent cost of equity.

14  
15 **SECTION III - SETTLEMENT PROCESS**

16 **Q. Please discuss the settlement process.**

17 A. The settlement process was open, transparent and inclusive. Staff filed a Notice of  
18 Settlement Discussions in these dockets on July 19, 2016. The Notice was emailed and  
19 mailed to all of the Parties, assuring that all of the Parties received notice of the time and  
20 place of the settlement meeting which took place at the Commission's office in Phoenix on  
21 July 25, 2016. All of the parties to these dockets were accorded the opportunity to attend the  
22 settlement meeting and, at the meeting, all of the parties that attended were accorded an  
23 opportunity to raise, discuss, and propose resolution to any issue that they desired.

24  
25 **Q. Who participated in the settlement meeting?**

26 A. The Companies, RUCO, and Staff participated in the meeting.

1 Q. Was there an opportunity for all issues to be discussed and considered?

2 A. Yes, each party had the opportunity to raise issues and to have its issues considered.

3  
4 Q. Were the parties able to resolve all issues?

5 A. Yes, the Parties were able to resolve and reach agreement on all issues.

6  
7 Q. How would you describe the negotiations?

8 A. I believe that all of the participants zealously advocated and represented their interests. I  
9 would characterize the discussions as candid but professional.

10  
11 Q. Would you describe the process as requiring give and take?

12 A. Yes, As a result of the varied interests represented in the settlement process, a willingness to  
13 compromise was necessary. As evidenced in the Agreement, the Parties compromised on  
14 what could be described as significantly different litigation positions.

15  
16 Q. Because of such compromises, do you believe that the public interest was  
17 compromised?

18 A. No. As I will discuss later in this testimony, I believe that the compromises the Parties made  
19 further the public interest.

20  
21 **SECTION IV - THE SETTLEMENT AGREEMENT**

22 Q. What are the significant sections of the Agreement?

23 A. The Agreement contains a section detailing the revenue requirement and rate increase for  
24 each company, a section detailing miscellaneous settlement terms and conditions, a section  
25 providing for Commission evaluation of the proposed settlement, a section detailing  
26 miscellaneous provisions concerning how the settlement was reached and related matters, and

1 an attachment documenting the numerical details of the proposed settlement. Subsequent to  
2 the filing of the Agreement, the parties determined that there was an inconsistency regarding  
3 the bonus and incentive pay category of cost allocations between the Agreement and the  
4 schedules. That inconsistency, if corrected, would result in a minimal increase to the  
5 Company's revenues. As any change would be *de minimis* and would be detrimental to the  
6 ratepayers, the Company has requested that no changes be made to the schedules, and Staff  
7 and RUCO agree.

8  
9 **Q. Is the Settlement Agreement in the public interest?**

10 A. Yes, there are several reasons why the Agreement is in the public interest. The terms of the  
11 Agreement produce revenue requirements that will result in rates that are just and reasonable.  
12 Settlement of all of the contested issues will save time and the expense of a contested hearing.  
13 Further, the Agreement will allow the Companies to earn an overall rate of return of 7.72  
14 percent and a 9.70 percent return on equity, which will provide the Companies sufficient  
15 revenue to provide safe and reliable water service.

16  
17 **Q. Does this conclude Staff's direct testimony?**

18 A. Yes, it does.



LIBERTY UTILITIES CORPORATION  
(BELLA VISTA WATER AND RIO RICO WATER AND SEWER)  
DOCKET NOS. W-02465A-15-0367 et al.

SETTLEMENT TESTIMONY  
OF  
ROBERT B. MEASE

ON BEHALF OF THE  
RESIDENTIAL UTILITY CONSUMER OFFICE

AUGUST 2, 2016

1  
2  
3  
4  
5  
6  
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8

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## EXECUTIVE SUMMARY

The Arizona Residential Utility Consumer Office ("RUCO") presents the direct testimony of Mr. Robert B. Mease, Chief of Accounting and Rates for RUCO, in support of the Proposed Settlement Agreement ("Settlement" or "Agreement") on Liberty Utilities Corps. request for a permanent rate increase for both its Bella Vista Water and Rio Rico Water and Wastewater systems. Mr. Mease recommends that the Arizona Corporation Commission adopt the Proposed Settlement Agreement for the following reasons:

The Proposed Settlement Agreement reflects an outcome that is fair to both the ratepayer and Bella Vista Water and Rio Rico Water and Wastewater and is in the public interest.

The Proposed Settlement Agreement is a comprehensive settlement agreement. Its terms settle a wide range of issues that were of interest to the parties.

RUCO supports the Proposed Settlement Agreement in its entirety because it contains numerous benefits to the consumer which will be discussed in Mr. Mease's testimony.

The Proposed Settlement Agreement resolves many issues related to rate base and expense items and the company's revenue requirement for both Bella Vista Water and Rio Rico Water and Wastewater was reduced from \$2,464,476 to a final agreed upon revenue increase of \$1,935,482. In addition, the proposed agreement resolves several additional areas that RUCO considers important including; 1) reaching agreement on the Company's corporate allocation manual ("CAM"); 2) agreement to Cost of Equity of 9.70%, and Cost of Debt of 3.10%; 3) the Company's decision to drop their request for a Fair Value Arizona Rate Evaluation or "FARE" model; and 4) all proposed surcharges and adjustor mechanisms were either eliminated or incorporated into the proposed agreement.. These issues were addressed satisfactorily in the Proposed Settlement Agreement and will be explained more fully in Mr. Mease's testimony.

**INTRODUCTION**

**Q. Please state your name, occupation and business address for the record.**

A. My name Robert B. Mease. I am Chief of Accounting and Rates for the Arizona Residential Utility Consumer Office ("RUCO"). My business address is 1110 W. Washington Street, Suite 220, Phoenix, Arizona 85007.

**Q. Please state your background and qualifications for the record.**

A. I joined RUCO in October of 2011 and was elevated to Chief of Accounting and Rates in August of 2013. I am a Certified Public Accountant ("CPA") and currently licensed in the state of West Virginia, as well as a Certified Rate of Return Analyst ("CRRRA"). My years of work experience includes serving as Vice President and Controller of Energy West, Inc. a public utility and energy company located in Great Falls, Montana. While with Energy West, I had responsibility for all utility filings and participated in several rate case filings on behalf of the utility. As Energy West was a publicly traded company listed on the NASDAQ Exchange, I also had responsibility for all filings with the Securities and Exchange Commission.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to explain RUCO's support of the Liberty  
3 Utilities Corp. (Bella Vista and Rio Rico's Water and Wastewater)  
4 Proposed Settlement Agreement ("Settlement or Agreement").  
5

6 **Q. Have you participated in other settlement negotiations?**

7 A. Yes. I have participated in settlement negotiations in other matters that  
8 have come before the Arizona Corporation Commission ("ACC" or  
9 "Commission"). These negotiations have resulted in reaching an accord  
10 with the utility and the other settling parties, leading to the signing and  
11 support of a settlement agreement.  
12

13 **THE SETTLEMENT PROCESS**

14 **Q. Was the negotiation process that resulted in the Settlement**  
15 **Agreement a proper and fair process?**

16 A. Yes. The Agreement is the result of numerous hours of negotiation and a  
17 willingness among the parties to compromise. The negotiations were  
18 conducted in a fair and reasonable way that allowed each party the  
19 opportunity to participate. All parties had an opportunity to participate in  
20 the negotiation. Furthermore, all parties were allowed to express their  
21 positions fully.  
22  
23



1     **Q.     Did all the parties sign the Agreement?**

2     A.     Yes. All parties in this case have agreed to this Settlement.

3

4     **Q.     Why is a negotiated settlement process an appropriate way to**  
5     **resolve this matter?**

6     A.     By its very nature, a settlement finds middle ground that the parties can  
7     support. All parties that participated in the settlement talks were  
8     sophisticated parties who participated fully in the ACC's regulatory  
9     processes.

10

11     Settlement negotiations began only after each party had the opportunity  
12     to analyze Bella Vista and Rio Rico's Application(s), file direct and rebuttal  
13     testimony's, and evaluate the direct and surrebuttal testimony's of other  
14     Interveners. This Agreement in no way eliminates the ACC's constitutional  
15     right and duty to review this matter and to make its own determination,  
16     whether the Agreement is truly balanced and the rates are just and  
17     reasonable.

18

19     **SUMMARY OF TESTIMONY**

20     **Q.     Please summarize your testimony.**

21     A.     The Agreement reflects an outcome that is fair to the consumer and to  
22     both Bella Vista and Rio Rico and is in the public interest. Furthermore,  
23     this is a comprehensive agreement. Its terms settle a wide range of issues

1       that were of interest to the parties. RUCO supports the Agreement in its  
2       entirety because it contains numerous benefits to the consumer. Those  
3       benefits include; 1) reducing the Company's revenue increase from  
4       \$2,464,476 to \$1,935,482. 2) reaching agreement on the Company's  
5       corporate allocation manual ("CAM") and the expenses to be included in  
6       the allocation process; 3) agreement on the Cost of Equity of 9.70%, and  
7       Cost of Debt of 3.10%; 4) the Company's decision to drop their request for  
8       a Fair Value Arizona Rate Evaluation or "FARE" model in this case; and 5)  
9       all proposed surcharges and adjustor mechanisms were either eliminated  
10      or incorporated into the proposed agreement..

## 12      **SETTLEMENT PROVISIONS**

13      **Q.     What are the most significant benefits to the residential consumer?**

14      **A.     Among the more significant benefits to the residential consumer:**

- 15           • The settlement agreement reduced the requested revenue increase by  
16           approximately \$529,000. All parties came to agreement on rate base  
17           items including fair value rate base, post-test year plant, Accumulated  
18           Deferred Income Taxes ("ADIT") balances, Advances In Aid of  
19           Construction, Corporate Plant and Cash Working Capital. In addition,  
20           all parties came to agreement on certain expenses such as operating  
21           expenses, depreciation, contract professional services, salaries and  
22           wages expense, incentive pay and declining usage adjustments.

- 1       • The Company, RUCO and Staff reached agreement on the  
2       methodology and the types of expenses that can be allocated to the  
3       Company's Arizona's systems in this case, as well as going forward.
- 4       • Agreement on Cost of Equity of 9.70% and Cost of Debt of 3.10% - In  
5       its initial filing Liberty Bella Vista Water had requested 11.60% Cost of  
6       Equity and 3.47% Cost of Debt while Liberty Rio Rico was requesting  
7       10.80% Cost of Equity and also a 3.47% Cost of Debt.
- 8       • The Company dropped its request for a FARE program which was  
9       being introduced as a trial program and was to give the Company the  
10      opportunity to increase rates between rate case applications without  
11      determining fair value from RUCO's perspective.
- 12      • Surcharges and Adjustment Mechanisms eliminated – Through  
13      negotiations the Property Tax Adjuster Mechanism was eliminated.

14  
15   **PUBLIC INTEREST**

16   **Q.   How is the public interest satisfied by the Agreement?**

17   A.   The Settlement Agreement satisfies the public interest from RUCO's  
18       perspective in that it provides favorable terms and protections for  
19       residential consumers as defined above. The Agreement also satisfies the  
20       public interest by providing a fair and balanced approach to addressing  
21       the Company's concerns on required costs and revenue.

- 1    **Q.    Does this conclude your testimony on the Agreement?**
- 2    **A.    Yes it does.**

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8 Attorneys for Liberty Utilities (Bella Vista Water) Corp.  
and Liberty Utilities (Rio Rico Water & Sewer) Corp.  
9

10 **BEFORE THE ARIZONA CORPORATION COMMISSION**

11  
12 IN THE MATTER OF THE APPLICATION  
OF LIBERTY UTILITIES (BELLA VISTA  
13 WATER) CORP., AN ARIZONA  
CORPORATION, FOR A  
14 DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
15 PROPERTY AND FOR INCREASES IN ITS  
WATER RATES AND CHARGES FOR  
16 UTILITY SERVICE BASED THEREON.

DOCKET NO: W-02465A-15-0367

17 IN THE MATTER OF THE APPLICATION  
OF LIBERTY UTILITIES (BELLA VISTA  
18 WATER) CORP., AN ARIZONA  
CORPORATION, FOR AUTHORITY TO  
19 ISSUE EVIDENCE OF INDEBTEDNESS IN  
AN AMOUNT NOT TO EXCEED  
20 \$4,700,000.

DOCKET NO: W-02465A-15-0370

21 IN THE MATTER OF THE APPLICATION  
OF LIBERTY UTILITIES (RIO RICO  
22 WATER & SEWER) CORP., AN ARIZONA  
CORPORATION, FOR A  
23 DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
24 PROPERTY AND FOR INCREASES IN ITS  
25 WATER AND WASTEWATER RATES  
AND CHARGES FOR UTILITY SERVICE  
26 BASED THEREON.

DOCKET NO: WS-02676A-15-0368



1 IN THE MATTER OF THE APPLICATION  
2 OF LIBERTY UTILITIES (RIO RICO  
3 WATER & SEWER) CORP., AN ARIZONA  
4 CORPORATION, FOR AUTHORITY TO  
ISSUE EVIDENCE OF INDEBTEDNESS IN  
AN AMOUNT NOT TO EXCEED  
\$8,900,000.

DOCKET NO: WS-02676A-15-0371

5  
6  
7  
8  
9 **TESTIMONY OF MATTHEW GARLICK**  
10 **IN SUPPORT OF**  
11 **COMPREHENSIVE SETTLEMENT AGREEMENT**  
12 **August 2, 2016**  
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1     **I.     INTRODUCTION.**

2     **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3     A.     My name is Matthew Garlick. My business address is 12725 W. Indian School Road,  
4             Suite D-101, Avondale, Arizona 85392.

5     **Q.     ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6     A.     I am providing testimony on behalf of Liberty Utilities (Bella Vista Water) Corp.  
7             ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp.  
8             ("Liberty Rio Rico") (collectively "Liberty BV/RR" or "Applicants").

9     **Q.     BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

10    A.     I am employed by Liberty Utilities as President of AZ/TX.

11    **Q.     WHAT IS THE PURPOSE OF THIS TESTIMONY?**

12    A.     To express Liberty BV/RR's support for the proposed Comprehensive Settlement  
13             Agreement executed and filed on July 29, 2016 ("Comprehensive Settlement")  
14             between Liberty Bella Vista, Liberty Rio Rico, the Arizona Corporation Commission  
15             Utilities Division Staff ("Staff"), the Residential Utility Consumer Office  
16             ("RUCO"), and the Western Infrastructure Sustainability Effort ("WISE")  
17             (collectively, the "Parties").

18    **Q.     HAVE THE PARTIES RESOLVED ALL ISSUES THAT WERE IN DISPUTE**  
19             **BETWEEN THEM IN THE PREFILED TESTIMONY?**

20    A.     Yes.

21    **II.    THE COMPREHENSIVE SETTLEMENT.**

22           **A.     Terms and Conditions.**

23    **Q.     WHAT IS THE PURPOSE OF THE COMPREHENSIVE SETTLEMENT?**

24    A.     To settle all issues that remain in dispute in our pending rate cases, Commission  
25             Docket Nos. W-02465A-15-0367 and WS-02676A-15-0368, and in our pending  
26



1 financing applications, Docket Nos. W-02465A-15-0370 and WS-02676A-15-0371.  
2 These four dockets were consolidated. The Parties have agreed to the determination  
3 of fair value rate base, establishment of a revenue requirement, and the setting of  
4 rates for water utility service by Liberty Bella Vista and water and sewer utility  
5 service by Liberty Rio Rico. The Parties also have agreed on several issues for this  
6 case and moving forward, including the Liberty Utilities Cost Allocation Manual  
7 ("CAM") and allocation methodologies, indirect overhead ("INDOH"), and  
8 treatment of incentive pay for local employees. I won't attempt to speak to every  
9 single issue that was resolved. But I can say that all of the critical issues, including  
10 the rate of return and the Fair Value Arizona Rate Making Model ("FARE") have  
11 been settled between the Parties.

12 **Q. WILL YOU PLEASE SUMMARIZE THE GENERAL RATEMAKING**  
13 **TERMS?**

14 A. The Parties have agreed to a Fair Value Rate Base ("FVRB") of \$11,633,206 for  
15 Liberty Bella Vista, \$10,454,760 for Liberty Rio Rico's water division, and  
16 \$5,279,632 for Liberty Rio Rico's sewer division.<sup>1</sup> The Parties have agreed to a total  
17 revenue requirement of \$5,569,296 for Liberty Bella Vista, which revenue  
18 requirement results in an increase in revenues of \$958,954, or 20.80 percent.<sup>2</sup> The  
19 Parties have agreed to a total revenue requirement of \$3,886,431 for Liberty Rio  
20 Rico water, which revenue requirement results in an increase in revenues of  
21 \$814,262, or 26.50 percent.<sup>3</sup> The Parties also have agreed to a total revenue  
22 requirement of \$1,640,590 for Liberty Rio Rico sewer, which revenue requirement

23 <sup>1</sup> Comprehensive Settlement at 5, ¶ 2.2, and Settlement Schedule B-1 (Liberty Bella Vista,  
24 Liberty Rio Rico water and Liberty Rio Rico sewer).

25 <sup>2</sup> Comprehensive Settlement at 4, ¶ 2.1, and Settlement Schedule A-1 (Liberty Bella Vista).

26 <sup>3</sup> Comprehensive Settlement at 4, ¶ 2.1, and Settlement Schedule A-1 (Liberty Rio Rico  
water).

1 results in an increase in revenues of \$162,266, or 10.98 percent.<sup>4</sup> These revenue  
2 requirements are based on the Parties' agreement to a rate of return of 7.72 percent  
3 on FVRB, which return was determined using a 70 percent equity-30 percent debt  
4 capital structure, a cost of equity equal to 9.7 percent, and a cost of debt equal to  
5 3.10 percent.<sup>5</sup>

6 **Q. YOU MENTIONED THAT THE DISPUTE OVER INCENTIVE PAY HAS**  
7 **BEEN RESOLVED?**

8 A. Yes. The Parties have agreed to recognize 90 percent of the test year performance  
9 based compensation and incentive pay paid to local Liberty Utilities Service Corp.  
10 employees in this case and moving forward for our other Arizona utilities. We think  
11 this is a fair resolution of an issue that has been in dispute in other Liberty Utilities  
12 rate cases in a manner consistent with another recent Commission decision.<sup>6</sup>  
13 Additionally, the Parties have agreed to include known and measurable 2015 and  
14 2016 pay increases for Liberty Utilities Service Corp. employees that work in  
15 Arizona and provide labor and services to Liberty BV/RR. The Parties recognize  
16 these pay increases as a necessary and reasonable operating expense.

17 **Q. WHAT HAVE THE PARTIES WORKED OUT WITH REGARD TO THE**  
18 **PPAM AND PTAM?**

19 A. The Parties agree that the PPAM is reasonable and should be approved. Liberty  
20 BV/RR is withdrawing the request for the PTAM as part of the compromise terms  
21 of the settlement.<sup>7</sup>

22 <sup>4</sup> Comprehensive Settlement at 4, ¶ 2.1, and Settlement Schedule A-1 (Liberty Rio Rico  
23 sewer).

24 <sup>5</sup> Comprehensive Settlement at 8-9, ¶¶ 2.5.1-2.5.4, and Settlement Schedule D-1 (Liberty  
25 Bella Vista, Liberty Rio Rico water and Liberty Rio Rico sewer).

26 <sup>6</sup> *Epcor Water Arizona Inc.*, Decision No. 75268 (Docket No. WS-01303A-14-0010) at  
31:19-28.

<sup>7</sup> Comprehensive Settlement at 10, ¶¶ 2.7.5-2.7.6.



1 Utilities in Arizona.<sup>11</sup> That means we will not have to keep litigating the same issues  
2 in every rate case filed by Liberty Utilities in Arizona.

3 **Q. AS A REMINDER, WHAT ENTITIES DOES LIBERTY UTILITIES**  
4 **OPERATE IN ARIZONA?**

5 A. Besides Liberty BV/RR, Liberty Utilities (Litchfield Park Water & Sewer) Corp.  
6 ("Liberty Litchfield Park"), Liberty Utilities (Entrada Del Oro Sewer) Corp.  
7 ("Liberty EDO"), Liberty Utilities (Gold Canyon Sewer) Corp. ("Liberty Gold  
8 Canyon"), and Liberty Utilities (Black Mountain Sewer) Corp. ("Liberty Black  
9 Mountain").

10 **Q. DO THE PARTIES AGREE THAT THE CAM AND THE ALLOCATION OF**  
11 **COSTS TO LIBERTY BELLA VISTA AND LIBERTY RIO RICO RESULT**  
12 **IN A REASONABLE LEVEL OF ALLOCATED COSTS IN THIS RATE**  
13 **CASE?**

14 A. Yes. First, the Parties agree that customers do benefit from access to capital through  
15 the ultimate parent, APUC.<sup>12</sup> The Parties also specifically agree that the 2015  
16 Algonquin Power & Utilities Corp. ("APUC") CAM (dated July 1, 2015), and the  
17 methodologies used in connection with the CAM are an acceptable and reasonable  
18 means of allocating shared costs, and that the cost levels used in the Settlement  
19 Schedules are reasonable costs of service.<sup>13</sup> These costs include (1) Legal Costs,  
20 (2) Tax Services, (3) Audit, (4) Investor Relations, (5) Director Fees and Insurance,  
21 (6) Licenses, (7) Escrow and Transfer Agent Fees, (8) Other Professional Services,  
22 and (9) Office Administration, which costs arise from shared services provided by  
23 APUC and Liberty Utilities Canada and are allocated to Liberty Utilities entities,

24 <sup>11</sup> Comprehensive Settlement at 10-13, § 3.

25 <sup>12</sup> Comprehensive Settlement at 11, ¶ 3.3.3.

26 <sup>13</sup> Comprehensive Settlement at 10, 11-12, ¶¶ 3.2, 3.3.1, 3.3.5.

1 including Liberty Bella Vista and Liberty Rio Rico.<sup>14</sup>

2 **Q. SO ANY ALLOCATED COSTS ARE GOING TO BE VIEWED AS**  
3 **REASONABLE IN ANY RATE CASE?**

4 A. No. What the Parties' agreement does is address the shared services model, the cost  
5 allocation methodologies and the current CAM, along with the resulting cost levels  
6 in this rate case and applied to pending and prospective applications for our other  
7 systems in Arizona. The language in the Comprehensive Settlement addresses all of  
8 these issues relating to the CAM. The Parties have agreed to approval of those  
9 allocation methodologies for Liberty BV/RR and the other Arizona utilities owned  
10 by Liberty Utilities. In future rate cases, Staff, RUCO, and other interveners will  
11 have the right to verify the costs incurred, and to make independent cost  
12 recommendations regarding recoverability of those costs.<sup>15</sup>

13 **Q. HOW DOES THE COMPREHENSIVE SETTLEMENT RESOLVE THE**  
14 **INDOH ISSUE?**

15 A. The Parties have agreed that it is appropriate to capitalize a portion of the costs  
16 incurred by APUC and Liberty Utilities Canada, and to record a portion of those  
17 costs as INDOH. The Parties agree that 21 percent capitalization of allowed costs is  
18 appropriate in this case, as well as the upcoming Liberty Litchfield Park rate case.  
19 For Liberty Bella Vista, the 21 percent amounts to \$666,727, for Liberty Rio Rico  
20 water \$326,264, and for Liberty Rio Rico sewer \$67,219.<sup>16</sup> Additionally, Liberty  
21 Utilities has agreed to, on a going forward basis, conduct periodic time studies in  
22 order to ensure that the capitalized percentage is appropriate.<sup>17</sup> The Parties have also

23  
24 <sup>14</sup> Comprehensive Settlement at 11, ¶ 3.3.2.

25 <sup>15</sup> Comprehensive Settlement at 10, ¶ 3.2.

26 <sup>16</sup> Comprehensive Settlement at 5, 12, ¶¶ 2.2.3, 3.4.

<sup>17</sup> Comprehensive Settlement at 12, ¶ 3.5.

1       agreed that the costs of the local Engineering and Developmental Services  
2       departments located in Avondale should be capitalized and allocated between the  
3       utilities receiving the benefit of those services.<sup>18</sup> The Parties have agreed that  
4       allocation INDOH based on monthly Construction Work in Progress (CWIP) is  
5       reasonable.

6       **Q.   WHAT ABOUT ALLOCATED CORPORATE PLANT?**

7       A.   Likewise, the Parties agree that the reasonable costs of shared plant should be  
8       allocated and capitalized.<sup>19</sup>

9       **III.   CONCLUSION.**

10      **Q.   ARE THERE ANY OTHER PROVISIONS OF THE COMPREHENSIVE**  
11      **SETTLEMENT THAT YOU WISH TO DISCUSS?**

12      A.   Not at this time.

13      **Q.   WHY DO YOU BELIEVE THAT COMMISSION APPROVAL OF THE**  
14      **TERMS OF THE COMPREHENSIVE SETTLEMENT IS IN THE PUBLIC**  
15      **INTEREST?**

16      A.   All parties to the rate case have joined in settling and, collectively, the Parties  
17      represent all of the interested stakeholders. The Parties have settled all issues,  
18      including agreeing to all of the components of new rates for Liberty Bella Vista and  
19      Liberty Rio Rico. I urge the Commission to accept and approve the Comprehensive  
20      Settlement as soon as possible.

21      **Q.   DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE**  
22      **COMPREHENSIVE SETTLEMENT?**

23      A.   Yes.

25      <sup>18</sup> Comprehensive Settlement at 13, ¶ 3.6.

26      <sup>19</sup> Comprehensive Settlement at 12, ¶ 3.4.

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WS-02676A-15-0368 and WS-02676A-15-0371**

The purpose of this Comprehensive Settlement Agreement ("Comprehensive Settlement") is to settle all issues and claims in Arizona Corporation Commission ("Commission") Docket No. W-02465A-15-0367 (Liberty Utilities (Bella Vista Water) Corp. Rate Case), Docket No. WS-02676A-15-0368 (Liberty Utilities (Rio Rico Water & Sewer) Corp. Rate Case), Docket No. W-02465A-15-0370 (Liberty Utilities (Bella Vista Water) Corp. Financing App.), and Docket No. WS-02676A-15-0371 (Liberty Utilities (Rio Rico Water & Sewer) Corp. Financing App.), which dockets have been consolidated (collectively, the "Consolidated Dockets").

This Comprehensive Settlement is entered into by the following entities:

**LIBERTY UTILITIES (BELLA VISTA WATER) CORP.**

**LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.**

**ARIZONA CORPORATION COMMISSION  
UTILITIES DIVISION STAFF**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**WESTERN INFRASTRUCTURE SUSTAINABILITY EFFORT**

These entities shall be referred to collectively as "Parties," and a single entity shall be referred to individually as a "Party."



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**LIST OF ATTACHMENTS**

**ATTACHMENT A: SETTLEMENT SCHEDULES**

**ATTACHMENT B: DEPRECIATION SCHEDULES**

**ATTACHMENT C: LIBERTY BELLA VISTA CURTAILMENT PLAN**

**ATTACHMENT D: LIBERTY BELLA VISTA CROSS-CONNECTION OR  
BACKFLOW TARIFF**



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WS-02676A-15-0368 and WS-02676A-15-0371**

**1 RECITALS.**

**1.1 The Parties.**

1.1.1 Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") is an Arizona public service corporation providing water utility service to approximately 8,133 residential customers, 1,035 commercial customers, and 189 fire protection customers in portions of Cochise County, Arizona, under a certificate of convenience and necessity issued by the Commission.

1.1.2 Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") is an Arizona public service corporation providing utility service to approximately 6,404 water and 2,046 sewer connections in portions of Santa Cruz County, Arizona, under a certificate of convenience and necessity issued by the Commission. Liberty Bella Vista and Liberty Rio Rico are collectively referred to herein as "Liberty BV/RR."

1.1.3 The Residential Utility Consumer Office ("RUCO") was established by the Arizona legislature to represent the interests of residential utility ratepayers in rate-related proceedings before the Commission.

1.1.4 The Arizona Corporation Commission Utilities Division ("Staff") is a division of the Commission that participates in rate cases to assist the Commission in its consideration of the evidence and determination of fair value rate base and setting of rates for utility service by public service corporations.

1.1.5 Western Infrastructure Sustainability Effort ("WISE") is an Arizona corporation dedicated to working in various Western regulatory arenas in order to incentivize private investment needed to meet critical infrastructure needs in the water, sewer, and natural gas industries.

**1.2 Background.**

1.2.1 Liberty Bella Vista and Liberty Rio Rico each filed a rate application with the Commission on October 28, 2015. Liberty Bella Vista and Liberty Rio Rico filed financing applications with the Commission on November 2, 2015. All four applications were consolidated giving rise to these Consolidated Dockets. RUCO was granted intervention on December 24, 2015. WISE was granted intervention on May 17, 2016.

1.2.2 The Parties are all parties that have participated in discovery and the filing of pre-filed testimony in the Consolidated Dockets. Santa Cruz Unified School District #35 filed a motion to intervene on March 26, 2016, which was granted on May 17,

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2016, but Santa Cruz Unified School District #35 subsequently moved to withdraw its intervention on June 8, 2016, which was granted on July 11, 2016.

**1.3 Nature of Comprehensive Settlement.**

1.3.1 Staff filed a notice of settlement on July 19, 2016. Staff, RUCO and Liberty BV/RR subsequently held settlement discussions on July 25, 2016. WISE was not available to participate in those settlement discussions but was kept informed by the Parties of the progress.

1.3.2 The settlement discussions were open, transparent, and inclusive of all parties to this docket who desired to participate.

1.3.3 This Comprehensive Settlement reflects the Parties' agreement and intent to settle and compromise all claims and issues in the Consolidated Dockets, including the determination of fair value rate base, establishment of a revenue requirement, and resolution of disputed issues over corporate cost allocations and methodologies, incentive pay, wage increases and the setting of rates for water utility service by Liberty Bella Vista and water and sewer utility service by Liberty Rio Rico. The Parties also settle all disputes relating to indirect overheads charged to capital projects and the collection of past amounts related to the low income tariff.

1.3.4 The Parties believe that this Comprehensive Settlement is in the public interest and that the terms and conditions are fair, just and reasonable. The Parties request an order from the Commission, as soon as possible: (i) finding that the terms and conditions of this Comprehensive Settlement are just and reasonable; (ii) concluding that the Comprehensive Settlement is in the public interest; (iii) approving the Comprehensive Settlement in its entirety; and (iv) making any and all other findings and orders in support of this Comprehensive Settlement that the Commission deems necessary.

**2 SPECIFIC RATEMAKING TERMS AND CONDITIONS.**

2.1 **Revenue Requirements.** The Parties agree to a total revenue requirement of \$5,569,296.00 for Liberty Bella Vista, which results in an increase in revenues equal to \$958,954 over test year revenues, an increase of 20.80 percent. The Parties also agree to total a revenue requirement of \$3,886,431.00 for Liberty Rio Rico's water division, which revenue requirement results in an increase in revenues equal to \$814,262.00 over test year revenues, an increase of 26.50 percent. The Parties also agree to a total revenue requirement of \$1,640,590.00 for Liberty Rio Rico's sewer division, which revenue requirement results in an increase in revenues equal to \$162,266.00 over test year revenues, an increase of 10.98 percent.

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**2.2 Fair Value Rate Bases.** The Parties agree to a Fair Value Rate Base ("FVRB") equal to \$11,633,206 as shown on Settlement Schedule B-1 for Liberty Bella Vista. The Parties also agree to FVRB equal to \$10,454,760 for Liberty Rio Rico's water division as shown on Settlement Schedule B-1; and FVRB equal to \$5,279,632 for Liberty Rio Rico's sewer division as shown on Settlement Schedule B-1. The Parties agree to use original cost rate base as FVRB in this rate case. The Parties determined the proposed FVRB in this rate case by agreeing to the following items in order to resolve issues in dispute.

**2.2.1 Post Test Year Plant.** All in service, used and useful post-test year plant proposed by Liberty BV/RR for rate base treatment has been included in rate base.

**2.2.2 Corporate Plant.** Corporate plant represents the allocated portion of plant owned by Liberty Bella Vista's and Liberty Rio Rico's corporate parent entities and used and required to be used in providing service to customers. As set forth below in §3 of this Comprehensive Settlement, Staff and RUCO have reviewed the allocation methodology for these corporate plant costs and agree that these investments are reasonable, and should be recognized as rate base components for Liberty Bella Vista and Liberty Rio Rico in this rate case. The corporate plant for Liberty Bella Vista is \$467,417, \$320,224 for Liberty Rio Rico water and \$97,868 for Liberty Rio Rico sewer as shown on Settlement Schedule B-2, page 3.

**2.2.3 Indirect Overhead (INDOH).** The Parties have agreed to inclusion of capitalized indirect overhead (INDOH) for (1) Liberty Bella Vista of \$666,727, (2) Liberty Rio Rico water of \$326,264 and (3) Liberty Rio Rico sewer of \$67,219. The Parties further agree to the allocation methodologies of Liberty Utilities relating to INDOH in §3 of this Comprehensive Settlement below, along with a requirement for Liberty BV/RR to conduct a time study relating to the INDOH percentages.

**2.2.4 Plant in Service.** The plant in service ("PIS") balances of \$37,589,741 for Liberty Bella Vista, \$38,554,845 for Liberty Rio Rico water, and \$14,171,387 for Liberty Rio Rico sewer and the accumulated depreciation ("A/D") balances of \$14,446,153 for Liberty Bella Vista, \$16,404,740 for Liberty Rio Rico water, and \$5,908,976 for Liberty Rio Rico sewer reflect the reclassification of plant items and other adjustments/corrections to PIS and A/D as necessary to reconcile the positions of Liberty BV/RR, Staff and RUCO. These adjustments are detailed on Settlement Schedules B-2, page 3 and summarized on Settlement Schedules B-1. The Parties agree that the PIS and A/D balances identify all of Liberty BV/RR's properly classified as PIS and related A/D.

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**2.2.5 Advances-in-aid of Construction and Contributions-in-aid of Construction.** The advances in aid of construction ("AIAC") balances of \$8,595,621 for Liberty Bella Vista, \$976,558 for Liberty Rio Rico water, and \$529,379 for Liberty Rio Rico sewer, contributions in aid of construction ("CIAC") balances of \$1,080,442 for Liberty Bella Vista, \$20,261,911 for Liberty Rio Rico water, and \$5,112,247 for Liberty Rio Rico sewer, and accumulated amortization ("AA") balances of \$337,990 for Liberty Bella Vista, \$10,380,413 for Liberty Rio Rico water, and \$2,943,275 for Liberty Rio Rico sewer reflect corrections and adjustments such that the Parties agree that the resulting AIAC, CIAC, and AA balances shown in Settlement Schedules B-1 (Liberty Bella Vista), B-1 (Liberty Rio Rico water) and B-1 (Liberty Rio Rico sewer), identify all of Liberty BV/RR's properly classified AIAC, CIAC and related accumulated amortization.

**2.2.6 Accumulated Deferred Income Taxes.** The Accumulated Deferred Income Tax ("ADIT") balances of \$1,834,086 for Liberty Bella Vista, \$545,895 for Liberty Rio Rico water, and \$276,483 for Liberty Rio Rico sewer reflect the final Comprehensive Settlement PIS, A/D, AIAC, CIAC, AA balances for Liberty Bella Vista and Liberty Rio Rico's water and sewer divisions, respectively. ADITs are detailed on Settlement Schedules B-2, pages 7.0 and 7.1 (Liberty Bella Vista), B-2, pages 7.0 and 7.1 (Liberty Rio Rico water) and B-2, pages 7.0 and 7.1 (Liberty Rio Rico sewer). The Parties agree that the resulting ADITs balance shown in Settlement Schedules B-1 (Liberty Bella Vista), B-1 (Liberty Rio Rico water) and B-1 (Liberty Rio Rico sewer) properly reflect the Comprehensive Settlement PIS, A/D, AIAC, CIAC, and accumulated amortization.

**2.2.7 Cash Working Capital.** The Parties agree to the cash working capital allowances equal to \$83,155 for Liberty Bella Vista, \$39,133 for Liberty Rio Rico water, and \$(8,688) for Liberty Rio Rico sewer as shown in Settlement Schedules B-1 (Liberty Bella Vista), B-1 (Liberty Rio Rico water) and B-1 (Liberty Rio Rico sewer). The cash working capital allowance computations are detailed on Settlement Schedules B-5, page 1 (Liberty Bella Vista), B-5, page 5 (Liberty Rio Rico water) and B-5, page 5 (Liberty Rio Rico sewer) and were determined using agreed upon lag days and exclusive of rate case expense.

**2.3 Operating Expenses.** The Parties agree to adjusted test year operating expenses equal to \$4,305,484 for Liberty Bella Vista, \$2,766,399 for Liberty Rio Rico water, and \$1,170,815 for Liberty Rio Rico sewer as shown in Settlement Schedules C-1, page 1 (Liberty Bella Vista), C-1, page 1 (Liberty Rio Rico water) and C-1, page 1 (Liberty Rio Rico sewer). The Parties determined the proposed operating expenses by agreeing to the following items in order to resolve issues in dispute:

**2.3.1 Depreciation Expense.** The Parties agree to depreciation expenses equal to \$1,171,452 for Liberty Bella Vista, \$630,848 for Liberty Rio Rico water,

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and \$296,551 for Liberty Rio Rico sewer as detailed in Settlement Schedules C-2, page 2 (Liberty Bella Vista), C-2, page 2 (Liberty Rio Rico water) and C-2, page 2 (Liberty Rio Rico sewer), and summarized on Settlement Schedules C-1, page 1 (Liberty Bella Vista), C-1, page 1 (Liberty Rio Rico water) and C-1, page 1 (Liberty Rio Rico sewer), with the fully depreciated plant amounts determined using the Vintage Group method and Staff's typical and customary depreciation rates. The Parties agree that use of Staff's typical and customary depreciation rates is reasonable and appropriate. The applicable Depreciation Schedules are set forth in Attachment B.

**2.3.2 Contract Services – Professional.** The Parties acknowledge and agree to Contract Services – Professional expense levels of \$1,021,201 for Liberty Bella Vista, \$685,534 for Liberty Rio Rico water, and \$208,791 for Liberty Rio Rico sewer as shown in Settlement Schedules C-1, page 1 (Liberty Bella Vista), C-1, page 1 (Liberty Rio Rico water) and C-1, page 1 (Liberty Rio Rico sewer). Liberty BV/RR's allocated shares of the shared services cost pool are included in each company's Income Statement under Contract Services – Professional. In determining this level of expense (a) remove 100 percent of the associated rent expense from Liberty BV/RR's allocated share of the shared services cost pool; (b) reduce the total amount of bonuses, long-term incentive programs (LTIPs) and stock options in the APUC/Liberty Utilities Canada cost pool by 10 percent from Liberty BV/RR's allocated share of the shared services cost pool; and (c) reduce the amount of the remaining expenses included in Staff's adjustments (see Attachment 3 to pre-filed surrebuttal testimony of T. Hunsaker dated July 21, 2016, Staff's Removal of APUC, LUC and LUCC and LUC-LABS Expenses from Cost Pool (July 12, 2016)) to the Liberty Utilities Canada percentage of the cost pool by 10 percent from Liberty BV/RR allocated share of the shared services cost pool. The Parties understand and agree that the agreement between the Parties relating to the amount of bonuses, LTIPs and stock options in the shared services cost pool in this case does not bind any Party in any future proceeding relating to the reasonable level of those specific cost items.

**2.3.3 Salary and Wage Increases.** The Parties have agreed to include known and measurable 2015 and 2016 pay increases for Liberty Utilities Service Corp. employees that work in Arizona and provide labor and services to Liberty BV/RR, Liberty Utilities (Litchfield Park Water & Sewer) Corp. ("Liberty Litchfield Park"), Liberty Utilities (Gold Canyon Sewer) Corp. ("Liberty Gold Canyon"), Liberty Utilities (Entrada Del Oro Sewer) Corp. ("Liberty Entrada Del Oro"), and Liberty Utilities (Black Mountain Sewer) Corp. ("Liberty Black Mountain"). Liberty BV/RR's allocated shares of the shared services of the salaries and wages allocated by Liberty Utilities Service Corp. and Liberty Utilities (Sub) Corp. ("Sub Corp.") are included in each company's Income Statement under Contract Services – Other.

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WS-02676A-15-0368 and WS-02676A-15-0371**

**2.3.4 Incentive Pay.** The Parties have agreed to recognize 90 percent of the test year performance based compensation and incentive pay paid to employees of Liberty Utilities Service Corp. and who provide labor and services to Liberty BV/RR and the other Arizona and Texas utilities owned and operated by Liberty Utilities. For this case, the Parties recognize incentive pay of \$528,702, which represents 90 percent of the test year performance based compensation paid to Liberty Utilities Service Corp. employees providing labor and services to Liberty BV/RR. The Parties recognize the agreed amounts of incentive pay as a necessary and reasonable operating expense for Liberty BV/RR and the other Arizona and Texas utilities owned and operated by Liberty Utilities.

**2.3.5 Declining Usage and Usage Normalization Adjustment.** The Parties agree that a declining usage and usage normalization adjustment is appropriate for Liberty Bella Vista and for Liberty Rio Rico's water division in order to account for changes in water usage due to the use of inverted block rate designs to promote water conservation. For purpose of this Comprehensive Settlement, the Parties agree to adopt Liberty BV/RR's proposed declining usage adjustment at 2/3 (66.66%) of the level proposed in Liberty BV/RR's rebuttal filing and Liberty's BV/RR's proposed usage normalization. These adjustments are shown in Settlement Schedule C-2, page 5 for Liberty Bella Vista and C-2, page 5 for Liberty Rio Rico water.

**2.4 Low Income Tariff.** The Parties agree that Liberty Bella Vista shall be entitled to recover uncollected amounts under the Company's approved low income tariff program, the balance of which as of the date of this Comprehensive Settlement is \$11,956.08. The Parties further agree that Liberty Rio Rico shall be entitled to recover uncollected amounts under the Company's approved low income tariff program, the balance of which as of the date of this Comprehensive Settlement is \$78,627.78 (both water and sewer). The Parties agree that Liberty Bella Vista and Liberty Rio Rico will recover those amounts using a surcharge over a period of three (3) years without recovery of interest. Liberty Bella Vista and Liberty Rio Rico shall file a low income tariff surcharge in accordance with this Comprehensive Settlement and prior Commission decisions with the Commission for approval within 60 days of the final decision in this rate case.

**2.5 Cost of Capital.**

**2.5.1 Capital Structure.** The Parties agree to a capital structure consisting of 70 percent equity and 30 percent debt for Liberty BV/RR, which capital structure assumes Commission approval of the Finance Application as discussed in Section 4.2 below.

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**2.5.2 Cost of Debt.** The Parties agree on a cost of debt for Liberty BV/RR equal to 3.10 percent for the purpose of setting rates in this rate case. The Parties acknowledge that under the financing approval requested and agreed to herein, future debt offerings may be at different costs of debt.

**2.5.3 Cost of Equity.** The Parties agree to a cost of equity equal to 9.7 percent for Liberty BV/RR, which amount was agreed to through negotiation and compromise.

**2.5.4 Rate of Return.** Using the capital structure and costs of debt and equity agreed to herein, the Parties agree to a rate of return of 7.72 percent on Liberty Bella Vista's FVRB, 7.72 percent on Liberty Rio Rico water's FVRB and 7.72 percent on Liberty Rio Rico sewer's FVRB.

**2.6 Revenue Requirements Determined for Settlement Purposes.** The provisions set forth herein regarding the quantification of FVRB, fair value rate of return and the revenue requirement, are made for purposes of settlement only and should not be construed as admissions against interest or waivers of litigation positions related to other or future cases except as otherwise provided for in this Comprehensive Settlement.

**2.7 Rate Design.**

**2.7.1 Liberty Bella Vista.** The Parties agree to the rates shown in Settlement Schedule H-3, page 1 for Liberty Bella Vista and request that the Commission approve said rates for water utility service by the Company. The bill impacts under the Parties' proposed rates are shown on Settlement Schedule H-2, page 1 (Liberty Bella Vista).

**2.7.2 Liberty Rio Rico Water.** The Parties agree to the rates shown in Settlement Schedule H-3, page 1 for Liberty Rio Rico water and request that the Commission approve said rates for water utility service by the Company. The bill impacts under the Parties' proposed rates are shown on Settlement Schedule H-2, page 1 (Liberty Rio Rico water).

**2.7.3 Liberty Rio Rico Sewer.** The Parties agree to the rates shown in Settlement Schedule H-3, page 1 for Liberty Rio Rico sewer and request that the Commission approve said rates for sewer utility service by the Company. The bill impacts under the Parties' proposed rates are shown on Settlement Schedule H-2, page 1 (Liberty Rio Rico sewer).

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WS-02676A-15-0368 and WS-02676A-15-0371**

**2.7.4 Reconnection Costs – Liberty Rio Rico Sewer.** The Parties agree that Liberty Rio Rico sewer's charge for disconnection and reconnection of sewer service for non-payment shall be equal to the actual cost of disconnection and reconnection, including costs for excavation and trenching, pipeline modification, backfill and grading, road repairs and permitting. Liberty Rio Rico agrees that there will no charge for reconnection if there is no actual work performed. Liberty Rio Rico will provide the customer with invoices for the actual costs incurred to disconnect and reconnect sewer service for non-payment.

**2.7.5 Purchased Power Adjustment Mechanism (PPAM).** The Parties agree that the PPAM proposed by Liberty BV/RR is reasonable and should be approved.

**2.7.6 Property Tax Adjustment Mechanism (PTAM).** Liberty BV/RR has agreed to withdraw the requested PTAM as part of the compromise terms of this settlement.

### **3 COST ALLOCATION MANUAL AND METHODOLOGIES.**

**3.1** With respect to shared services, cost allocations, allocated corporate plant, and INDOH, the Parties agree to the following terms and conditions related to the allocation methodologies used by Liberty Utilities that apply to Liberty BV/RR, Liberty Litchfield Park, Liberty Entrada Del Oro, Liberty Gold Canyon, and Liberty Black Mountain in future dockets and proceedings before the Commission, subject to the terms and conditions set forth herein.

**3.2** Consistent with the commitments in the 2015 APUC Cost Allocation Manual ("CAM") (dated July 1, 2015) and subject to the Parties' agreements set forth herein relating to the cost allocation methodologies and factors used under the CAM the Parties acknowledge that Staff and RUCO retain the right, with respect to all paragraph discussions below, to verify the costs actually incurred by any Liberty Utilities entity, and to make independent cost recommendations regarding the recoverability of specifically incurred costs based on such analysis of the costs actually incurred. Liberty BV/RR agree to comply with the audit provisions set forth in the Section E of the NARUC Guidelines on Cost Allocations attached to the CAM. Upon request by the Commission, Liberty BV/RR further agree to perform an attestation engagement as set forth in Exhibit E of the NARUC Guidelines on Cost Allocations subject to agreement between Liberty BV/RR and Staff on recovery of the costs for such attestation engagement.

**3.3** With respect to the APUC, Liberty Utilities Service Corp. ("LUSC") and Liberty Utilities Canada corporate cost allocations, the Parties further acknowledge and agree as follows.



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3.3.1 Liberty Utilities' use of a shared services arrangement as set forth in the CAM to operate Liberty Bella Vista, Liberty Rio Rico, Liberty Black Mountain, Liberty Entrada Del Oro, Liberty Gold Canyon, Liberty Litchfield Park, and any other water and sewer utility that may be acquired by Liberty Utilities in Arizona, is reasonable. Subject to the terms and conditions set forth herein, including Staff's and RUCO's right to verify costs actually incurred and allocated, Staff and RUCO specifically accept the allocation methodologies set forth in the 2015 CAM for Liberty BV/RR, Liberty Litchfield Park, Liberty Entrada Del Oro, Liberty Gold Canyon, and Liberty Black Mountain.

3.3.2 The nine categories of expenses provided by APUC, Liberty Utilities Canada and LUSC and allocated to Liberty Bella Vista, Liberty Rio Rico, Liberty Black Mountain, Liberty Entrada Del Oro, Liberty Gold Canyon, and Liberty Litchfield Park under the guidelines contained in the CAM are necessary in providing service to customers of the Liberty Utilities Arizona and Texas utilities, and the current cost allocation methodologies that form the cost allocation hierarchy found within the CAM are reasonable. These nine categories of expenses include (1) Legal Costs, (2) Tax Services, (3) Audit, (4) Investor Relations, (5) Director Fees and Insurance, (6) Licenses, Fees and Permits, (7) Escrow and Transfer Agent Fees, (8) Other Professional Services and (9) Office Administration (including executive compensation). The Parties recognize that the actual nomenclature used to categorize the above noted costs may be subject to change in the future.

3.3.3 Customers of Liberty Bella Vista, Liberty Rio Rico, Liberty Black Mountain, Liberty Entrada Del Oro, Liberty Gold Canyon, Liberty Litchfield Park, and any other water and sewer utility that may be acquired by Liberty Utilities in Arizona benefit from each entity's access to capital through their ultimate parent entity, APUC, which is publicly traded on the Toronto Stock Exchange ("TSX"), and that capital from the TSX would not be available to those entities if APUC and Liberty Utilities Canada did not incur the corporate costs reasonably related to capital market access.

3.3.4 The cost allocation methodologies set forth in the CAM and used in connection with the APUC/Liberty Utilities shared services model are reasonable and acceptable because (i) direct charges are charged to the extent possible; (ii) indirect charges are allocated to regulated utilities in accordance with the CAM; (iii) the methodologies set forth in the CAM are a reasonable means of allocating the shared costs from APUC, Liberty Utilities Canada and LUSC; and (iv) the CAM is compliant with the NARUC Cost Allocation Guidelines.

3.3.5 Subject to the cost-recovery limitations covered in other sections of this Comprehensive Settlement, the CAM and the allocation of costs under the

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methodologies set forth in the CAM to Liberty Bella Vista and Liberty Rio Rico result in a reasonable level of allocated costs for those utilities in this rate case.

3.3.6 In the event that Liberty Utilities makes any changes to the CAM, or to the allocation methodologies set forth in the CAM, the Parties' agreement to the terms and conditions set forth herein shall not preclude any Party from contesting such changes to the CAM or allocation methodologies set forth in the CAM in a future rate case for Liberty Bella Vista, Liberty Rio Rico or another Liberty Utilities affiliate.

3.4 The Parties agree that it is appropriate to capitalize a portion of the incurred costs allocated by APUC and Liberty Utilities Canada and to record those capitalized costs as Indirect Overhead or INDOH for the Arizona and Texas utilities owned and operated by Liberty Utilities. The Parties agree that 21 percent capitalization of allowed costs is appropriate and acceptable for the pending Liberty Utilities rate cases and the upcoming rate case for Liberty Litchfield Park.

3.5 In order to assure that the capitalized percentage of incurred costs continues to be reasonable, Liberty Utilities agrees to conduct periodic time studies, as stated in the NARUC Uniform System of Accounts. The next time study shall be completed before the Liberty Utilities' next rate case filing, excluding the anticipated rate case for Liberty Litchfield Park, which is expected to be docketed in the first quarter of 2017. The Parties understand and agree that a time study is not necessary to support the 21 percent capitalization of APUC and Liberty Utilities Canada allowed corporate costs in the Liberty Litchfield Park rate case anticipated in the first quarter of 2017 and the pending rate case for Liberty Entrada Del Oro. The Parties understand and agree that the time studies shall pertain only to services and time spent by employees of APUC and Liberty Utilities Canada as allocated to Liberty Utilities regulated entities. The employee time study should include, but not be limited to, the following:

3.5.1 The allocator shall be based on time reports/surveys that are (a) completed continuously or (b) completed at various times throughout the year using a random sampling technique. The time study may include a sampling of time sheets or provision of time reports/surveys for randomly selected employees in each department of APUC and/or Liberty Utilities Canada. If requested by Staff, Liberty Utilities shall provide a copy of the proposed time report/survey to Staff for review.

3.5.2 Time reports and information for the employees should identify the duties of the randomly selected employees, whether the work is for regulated/unregulated companies, and a reasonable approximation of the amount of time spent on each activity. The time study may involve having employees or other personnel complete time reports/surveys detailing work performed by employees of APUC and/or Liberty Utilities

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Canada over randomly selected representative periods of work activity (covering not less than a full month) including time spent, and regulated vs. unregulated classification. Employee training shall be conducted to insure that all such time reports are being completed properly.

3.5.3 Revisions to the capitalization percentage allocator may occur as subsequent time studies are conducted, anticipated to be every two to three years. The time studies and supporting material will be made available in all Liberty Utilities rate proceedings.

3.5.4 The Parties agree that the level of overheads charged to a particular project must bear, or manifest, a reasonable relationship to the pre-INDOH underlying capitalized costs, and that blanket cost allocations that do not reflect a reasonable relationship to the underlying capitalized costs are not acceptable. The Parties further understand and agree that allowable INDOH is allocated to Liberty Bella Vista, Liberty Rio Rico and the other Arizona and Texas utilities based on Construction Work in Progress (CWIP) each month. The Parties agree and acknowledge that this method for allocation of INDOH is reasonable and acceptable for Liberty Bella Vista, Liberty Rico, Liberty Black Mountain, Liberty Entrada Del Oro, Liberty Gold Canyon, Liberty Litchfield Park, and any other water and sewer utility that may be acquired by Liberty Utilities in Arizona.

3.6 The Parties understand that the Engineering and Development Services departments of Liberty Utilities (Sub) Corp. ("Sub Corp.") provide engineering and development services for capital projects. The Parties agree and acknowledge that the services provided by those departments are reasonable and necessary to support construction activities for Liberty Bella Vista, Liberty Rio Rico and all of the Arizona utilities owned and operated by Liberty Utilities because (i) those services benefit customers by exclusively supporting capital projects; (ii) incurred costs are direct charged to specific Arizona or Texas capital projects to the extent possible; and (iii) reasonable costs not direct charged are appropriately capitalized and allocated by the Sub Corp. to the Arizona and Texas utilities through the INDOH process.

3.7 Corporate plant represents the allocated portion of plant owned by APUC or other affiliate companies but used and required to be used by Liberty Bella Vista and Liberty Rio Rico in providing service to customers. Staff and RUCO have reviewed and accept the allocation methodology for these corporate plant investments and agree that these investments are reasonable and should be recognized as rate base components for Liberty Bella Vista and Liberty Rio Rico in the pending rate cases.

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**4 MISCELLANEOUS SETTLEMENT TERMS AND CONDITIONS.**

4.1 **Fair Value Arizona Rate Making Model (FARE).** Subject to the terms and conditions of this Comprehensive Settlement, Liberty BV/RR agrees to withdraw the FARE in this case without prejudice to future rate cases. The Parties understand and agree that this Comprehensive Settlement does not prevent Liberty Utilities from seeking approval of a FARE for any of its regulated utilities in Arizona in a future proceeding before the Commission.

4.2 **System Improvement Benefits Mechanism (SIB).** The Parties expressly acknowledge and agree that in the event the Arizona Supreme Court reinstates the SIB mechanism in the pending appellate proceedings, Liberty BV/RR may seek approval of a SIB. Staff and RUCO shall not oppose Liberty BV/RR's application for a SIB, or approval of a SIB mechanism, provided that Liberty BV/RR submit the required study and provide documentation that the project(s) meet the criteria for a SIB. Staff and RUCO shall have the right to review, analyze and oppose the proposed costs and project(s) and any other terms of the SIB proposed by Liberty BV/RR. Liberty BV/RR shall make a SIB filing with the Commission within one (1) year of any decision by the Arizona courts reinstating the SIB mechanism as valid and legal.

4.3 **Finance Application.** The Parties agree that the terms and conditions of Liberty BV/RR's proposed financing are reasonable, including the manner of determining the cost of debt, and that the requested financing should be approved by the Commission.

4.4 **Engineering Recommendations.** The Parties agree to the following engineering recommendations:

4.4.1 Liberty Bella Vista shall begin tracking, quantifying, and recording all consumed water associated with unbilled authorized consumption for removal from the water loss calculation.

4.4.2 Liberty Bella Vista shall monitor the Southern Sunrise water system for an additional 12-month period to prepare an updated water loss report. If the reported water loss remains above 10 percent, Liberty Bella Vista shall submit a water loss reduction report containing a detailed analysis and plan to reduce its water loss to 10 percent or less. If Liberty Bella Vista believes it is not cost effective to reduce water loss to 10 percent or less, it shall submit a detailed cost benefit analysis to support its opinion. The water loss reduction report or the detailed cost benefit analysis, whichever is submitted, shall be docketed as a compliance item within 18 months from the effective date of an order issued in this proceeding.

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4.4.3 The updated Curtailment Tariff submitted in response to Staff Data Request No. 6, as shown in Attachment C, should be approved.

4.4.4 The Cross-Connection/Backflow Prevention Tariff submitted with Liberty Bella Vista's application, as shown in Attachment D, should be approved.

4.4.5 Liberty Bella Vista shall separate its water usage data for each system within the Bella Vista City & South, Northern Sunrise, and Southern Sunrise Water Systems going forward.

4.4.6 Liberty Rio Rico sewer shall provide separate wastewater descriptions and wastewater flow data for its primary wastewater system (wastewater flows to the Nogales International wastewater treatment facility) and its small wastewater system (wastewater flows to an aerobic stabilization pond) in future Commission Annual Reports, beginning with the 2016 Annual Report filed in 2017. The Parties agree that the one-time cost of compliance shall be deferred for future consideration in the next rate case.

## **5 COMMISSION EVALUATION OF COMPREHENSIVE SETTLEMENT.**

5.1.1 The Parties agree to file testimony in the Consolidated Dockets supporting this Comprehensive Settlement within two (2) business days of the date the settlement is filed with the Commission, and to do all things reasonably necessary to proceed to a hearing on the Comprehensive Settlement. The Parties agree that all currently filed testimony and exhibits will not be offered for admission into the Commission's record as evidence, however, the Parties intend to offer this Comprehensive Settlement, the Settlement Schedules and testimony in support of the settlement into the evidentiary record.

5.1.2 The Parties recognize that Staff does not have the power to bind the Commission, and that Staff acts in the same manner as any party to a Commission proceeding. The Parties further acknowledge and agree that the determination of Liberty BV/RR's FVRBs and the setting of just and reasonable rates thereon will be made by the Commission based upon its own independent evaluation of this Comprehensive Settlement.

5.1.3 If the Commission fails to issue an order adopting all of the material terms of this Comprehensive Settlement, or modifies or adds material terms to this Comprehensive Settlement, any or all of the Parties may withdraw from this Comprehensive Settlement, and such Party or Parties may pursue their respective remedies at law without prejudice. For purposes of this Comprehensive Settlement, whether a term is material shall be left to the reasonable discretion of the Party choosing to withdraw from the Comprehensive Settlement. If a Party withdraws from the Comprehensive Settlement

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pursuant to this Section 5.1.3 and files an application for rehearing with the Commission, the other Parties, except for Staff, shall support the application for rehearing by filing a document to that effect with the Commission.

5.1.4 The Parties agree that this Comprehensive Settlement will not have any binding force and effect until its material terms are adopted in an order issued by the Commission, except that this provision shall not relieve the Parties of their obligations pursuant to Section 5.1.1 of this Comprehensive Settlement.

5.1.5 The Parties agree to support approval of the Comprehensive Settlement and resolution of the Consolidated Dockets.

**6 MISCELLANEOUS PROVISIONS.**

6.1.1 Each Party whose signature appears below is fully authorized and empowered to execute this Comprehensive Settlement. Each Party has been represented by competent legal counsel and understands all of the terms of this Comprehensive Settlement, has had an opportunity to participate in the drafting of this Comprehensive Settlement and fully review this Comprehensive Settlement with its legal counsel before signing, and executes this Comprehensive Settlement with full knowledge of the terms of the Comprehensive Settlement.

6.1.2 This Comprehensive Settlement represents the Parties' mutual desire to compromise and settle in good faith all of the issues in the Consolidated Dockets in a manner consistent with the public interest. To achieve consensus for settlement, the Parties are accepting positions that, in any other circumstances, they might be unwilling to accept, unless otherwise stated in this Comprehensive Settlement. They are doing so because the Comprehensive Settlement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and the broader public interest. No Party is bound by any position asserted in negotiations, except as expressly stated in this Comprehensive Settlement. No Party shall offer evidence of conduct or statements made in the course of negotiating this Comprehensive Settlement before this Commission, any other regulatory agency, or any court.

6.1.3 To the extent any provision of this Comprehensive Settlement is inconsistent with any existing Commission order, rule, or regulation, this Comprehensive Settlement shall control.

6.1.4 Each of the terms of this Comprehensive Settlement is in consideration of all other terms of this Comprehensive Settlement. Accordingly, the terms are not severable.

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6.1.5 The Parties shall make reasonable and good faith efforts necessary to support and defend this Comprehensive Settlement and obtain a Commission order approving its material terms and, if necessary in court if challenged by another person or entity. Subject to Section 5.1.3 above, if the Commission adopts an order approving all material terms of the Comprehensive Settlement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue. Nothing in this Section 6.1.5 shall be construed to require a Party to fund the defense of any other Party. If defense of this Comprehensive Settlement is reasonably needed in any court or other regulatory agency, then each Party shall be deemed to have satisfied its duty under this Section 6.1.5 by providing a witness to testify in such action in support of this Comprehensive Settlement, but a Party shall not be required to pay an attorney to participate in such action, or to join as a party to such action. The Parties expressly recognize, however, that Staff shall not be required to file any document or take any position that is inconsistent with a Commission order in this matter.

6.1.6 This Comprehensive Settlement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Comprehensive Settlement may also be executed electronically or by facsimile.

6.1.7 The Recitals set forth in Section 1 of this Comprehensive Settlement are part of this Comprehensive Settlement and fully incorporated into the terms and conditions of the Parties' Comprehensive Settlement to settle as set forth in this Comprehensive Settlement.

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ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

By: *Terry Ford*  
Its: Asst. Director  
Date: 07.29.2016

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

RESIDENTIAL UTILITY CONSUMER OFFICE

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

WESTERN INFRASTRUCTURE SUSTAINABILITY EFFORT

By: *Greg Patterson*  
Its: Director  
Date: 2-29-16

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ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

By: Matthew Daulak  
Its: President  
Date: July 29th, 2016

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

By: Matthew Daulak  
Its: President  
Date: July 29th, 2016

RESIDENTIAL UTILITY CONSUMER OFFICE

By: [Signature]  
Its: Chief Counsel  
Date: July 29, 2016

WESTERN INFRASTRUCTURE SUSTAINABILITY EFFORT

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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**ATTACHMENT A**  
**Settlement Schedules**

**Liberty Utilities (Bella Vista Water) Corp.**  
**Test Year Ended December 31, 2014**  
**Computation of Increase in Gross Revenue**  
**Requirements As Adjusted**

Exhibit  
Settlement Schedule A-1  
Page 1  
Witness: Bourassa

Line No.									
1	Fair Value Rate Base					\$	11,633,206		
2									
3	Adjusted Operating Income						304,858		
4									
5	Current Rate of Return						2.62%		
6									
7	Required Operating Income					\$	898,084		
8									
9	Required Rate of Return on Fair Value Rate Base						7.72%		
10									
11	Operating Income Deficiency					\$	593,225		
12									
13	Gross Revenue Conversion Factor						1.6165		
14									
15	Increase in Gross Revenue Requirement					\$	958,954		
16									
17	Adjusted Test Year Revenues					\$	4,610,342		
18	Increase in Gross Revenue Revenue Requirement					\$	958,954		
19	Proposed Revenue Requirement					\$	5,569,296		
20	% Increase						20.80%		
21									
22									
23	<b>Customer</b>								
24	<b>Classification</b>								
25	5/8X3/4 Inch Residential	Present Rates	Proposed Rates	Dollar Increase	Percent Increase				
26	3/4 Inch Residential	\$ 2,723,332	\$ 3,254,277	\$ 530,945	19.50%				
27	1 Inch Residential	28,247	44,179	15,931	56.40%				
28		4,815	6,024	1,209	25.12%				
29	Subtotal	\$ 2,756,394	\$ 3,304,480	\$ 548,086	19.88%				
30									
31	5/8X3/4 Inch Commercial	\$ 122,357	\$ 149,086	\$ 26,729	21.84%				
32	3/4 Inch Commercial	1,347	1,561	214	15.85%				
33	1 Inch Commercial	121,081	151,922	30,841	25.47%				
34	1 1/2 Inch Commercial	195,802	246,618	50,816	25.95%				
35	2 Inch Commercial	1,020,829	1,259,696	238,867	23.40%				
36	3 Inch Commercial	186,072	229,472	43,400	23.32%				
37	4 Inch Commercial	77,948	96,881	18,933	24.29%				
38	6 Inch Commercial	11,067	12,790	1,723	15.57%				
39	8 Inch Commercial	14,704	16,805	1,901	12.93%				
40	Subtotal	\$ 1,751,208	\$ 2,164,631	\$ 413,422	23.61%				
41									
42	3 Inch Hydrant	\$ 46,250	\$ 54,208	\$ 7,958	17.21%				
43	Fire Lines 4 Inch	16,100	16,100	-	0.00%				
44	Fire Lines 6 Inch	6,315	6,315	-	0.00%				
45	Fire Lines 8 Inch	2,940	2,940	-	0.00%				
46									
47	Usage Normalization Adjustment	(106,885)	(123,974)	(17,089)	15.99%				
48	Revenue Annualization	41,402	50,721	9,319	22.51%				
49	Subtotal	\$ 4,513,725	\$ 5,475,420	\$ 961,696	21.31%				
50									
51	Other Water Revenues	94,478	94,478	-	0.00%				
52	Reconciling Amount	2,139	(603)	(2,742)	-128.19%				
53	Rounding			-	0.00%				
54	<b>Total of Water Revenues</b>	<b>\$ 4,610,342</b>	<b>\$ 5,569,295</b>	<b>\$ 958,954</b>	<b>20.80%</b>				
55									
56									
57	<b>SUPPORTING SCHEDULES:</b>								
58	B-1								
59	C-1								
60	C-3								
61	H-1								

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Summary of Rate Base

Exhibit  
Settlement Schedule B-1  
Page 1  
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 37,589,741	\$ 37,589,741
3	Less: Accumulated Depreciation	14,446,153	14,446,153
4			
5	Net Utility Plant in Service	\$ 23,143,588	\$ 23,143,588
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	8,595,621	8,595,621
9			
10	Contributions in Aid of Construction	1,080,442	1,080,442
11			
12	Accumulated Amortization of CIAC	(337,990)	(337,990)
13			
14	Customer Meter Deposits	408,155	408,155
15	Customer Security Deposits	15,077	15,077
16	Accumulated Deferred Income Tax	1,834,086	1,834,086
17			
18			
19	<u>Plus:</u>		
20			
21	Deferred Regulatory Assets TCE Plume	-	-
22	Prepayments	1,855	1,855
23	Materials and Supplies	-	-
24	Working capital	83,155	83,155
25			
26	Total Rate Base	<u>\$ 11,633,206</u>	<u>\$ 11,633,206</u>
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45			
46			
47			
48			
49			
50			

**Liberty Utilities (Bella Vista Water) Corp.**  
**Test Year Ended December 31, 2014**  
**Original Cost Rate Base Proforma Adjustments**

**Exhibit**  
**Settlement Schedule B-2**  
**Page 1**  
**Witness: Bourassa**

<u>Line No.</u>		<u>Adjusted at end of Test Year</u>	<u>Proforma Adjustment</u>	<u>Settlement Adjusted at end of Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 37,612,452	(22,711)	\$ 37,589,741
3				
4	<b>Less:</b>			
5	Accumulated			
6	Depreciation	14,375,372	70,781	14,446,153
7				
8				
9	Net Utility Plant			
10	in Service	\$ 23,237,079		\$ 23,143,588
11				
12	<b>Less:</b>			
13	Advances in Aid of			
14	Construction	9,114,847	(519,226)	8,595,621
15				
16	Contributions in Aid of			
17	Construction - Gross	579,988	500,454	1,080,442
18				
19	Accumulated Amortization of CIAC	(304,864)	(33,126)	(337,990)
20				
21	Customer Meter Deposits	408,155	-	408,155
22	Customer Security Deposits	15,077	-	15,077
23	Accumulated Deferred Income Tax	381,189	1,452,897	1,834,086
24				
25				
26				
27	<b>Plus:</b>			
28				
29	Deferred Regulatory Assets	-		-
30	Prepayments	1,855		1,855
31	Materials and Supplies	-		-
32	Working capital	160,647	(77,492)	83,155
33				
34				
35	<b>Total</b>	<u>\$ 13,205,189</u>		<u>\$ 11,633,206</u>

SUPPORTING SCHEDULES:

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RECAP SCHEDULES:

B-1

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments

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Line No.		Adjusted at end of Test Year	1 Plant-in- Service	2 Accumulated Depreciation	Proforma Adjustments		5 ADIT	6 Cash Working Capital	Settlement Adjusted at end of Test Year
					3 CIAC	4 AIAC			
1	Gross Utility								
2	Plant in Service	\$ 37,812,452	(22,711)						\$ 37,589,741
3									
4	Less:								
5	Accumulated								
6	Depreciation	14,375,372		70,781					14,445,153
7									
8									
9	Net Utility Plant								
10	in Service	\$ 23,237,079	\$ (22,711)	\$ (70,781)	\$ -	\$ -	\$ -	\$ -	\$ 23,143,588
11									
12	Less:								
13	Advances in Aid of								
14	Construction	9,114,847				(519,228)			8,595,621
15									
16	Contributions in Aid of								
17	Construction (CIAC)	578,988			500,454				1,080,442
18									
19	Accumulated Amort of CIAC	(304,864)			(33,128)				(337,990)
20									
21	Customer Meter Deposits	408,155							408,155
22	Customer Security Deposits	15,077							15,077
23	Accumulated Deferred Income Taxes	381,189					1,452,897		1,834,086
24									
25									
26	Plus:								
27									
28	Deferred Regulatory Assets	-							-
29	Prepayments	1,855							1,855
30	Materials and Supplies	-							-
31	Allowance for Cash Working Capital	180,847						(77,492)	83,155
32									
33	Total	\$ 13,205,189	\$ (22,711)	\$ (70,781)	\$ (487,328)	\$ 519,228	\$ (1,452,897)	\$ (77,492)	\$ 11,833,208

SUPPORTING SCHEDULES:  
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RECAP SCHEDULES:  
B-1

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1

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Plant-in-Service

Plant-in-Service														
Line No.	Acct. No.	Description	Adjusted Original Cost	A	B	C	D	E	F	G	H	I	J	K
				Plant Reclass	Unsupported Plant	Plant In-use	Plant Addition Correction	Retirements	Corporate Plant		Adjustments to Reconcile Plant to Reconstruction	Settlement Adjusted Original Cost		
1	101	Plant-in-Service	-	-	-	-	-	-	-	-	-	-	-	-
2	301	Organizational Cost	98,989	-	-	-	-	-	-	-	-	98,989	-	-
3	302	Franchise Cost	888,011	-	-	-	-	-	-	-	-	888,011	-	-
4	303	Land and Land Rights	4,294,328	(138,471)	-	(188,010)	-	-	-	-	3	3,987,850	-	-
5	304	Structures and Improvements	46,813	-	-	-	-	-	-	-	(0)	46,813	-	-
6	305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-	-	-	-
7	306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-
8	307	Wells and Springs	1,692,408	(31,527)	-	12,000	-	-	-	-	-	1,672,881	-	-
9	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-	-	-	-
10	309	Supply Mains	432,050	-	-	2,180	-	-	-	-	-	434,230	-	-
11	310	Power Generation Equipment	195,686	19,438	-	(561)	-	-	-	-	-	214,572	-	-
12	311	Electric Pumping Equipment	3,195,256	48,442	(1,424)	55,335	-	(36,183)	-	-	-	3,261,425	-	-
13	312	Water Treatment Plant	117,674	(117,674)	-	-	-	-	-	-	(0)	0	-	-
14	313	Water Treatment Plant	-	62,653	-	664	-	-	-	-	-	63,317	-	-
15	314	Chemical Solution Feeders	-	55,021	-	428	-	-	-	-	-	55,450	-	-
16	315	Dist. Reservoirs & Standpipe	3,195,343	(3,195,343)	-	-	-	-	-	-	(0)	0	-	-
17	316	Storage Tanks	-	2,706,221	-	(1)	-	-	-	-	-	2,706,220	-	-
18	317	Pressure Tanks	-	461,546	-	-	-	-	-	-	-	461,546	-	-
19	318	Trans. and Dist. Mains	14,554,450	129,696	-	31,358	(1,324)	1,324	-	-	-	14,815,503	-	-
20	319	Services	2,173,490	-	-	50,209	-	-	-	-	-	2,223,699	-	-
21	320	Meters	1,959,945	-	-	(80,890)	(143,228)	143,228	-	-	-	1,899,055	-	-
22	321	Hydrants	1,151,007	-	-	1,328	-	-	-	-	-	1,152,335	-	-
23	322	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
24	323	Other Plant and Misc. Equip.	189,235	-	-	-	-	-	-	-	-	189,235	-	-
25	324	Office Furniture and Fixtures	281,034	(113,318)	-	(2,643)	-	-	-	-	-	165,073	-	-
26	325	Computers and Software	166,002	112,920	-	2,605	-	-	-	-	-	281,527	-	-
27	326	Transportation Equipment	519,513	-	-	36,258	-	-	-	-	-	557,771	-	-
28	327	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-
29	328	Tools and Work Equipment	314,385	398	-	5,395	-	-	-	-	-	320,178	-	-
30	329	Laboratory Equipment	3,285	-	-	-	-	-	-	-	-	3,285	-	-
31	330	Power Operated Equipment	101,250	-	-	37	-	-	-	-	-	101,287	-	-
32	331	Communications Equipment	892,339	-	-	3,490	-	-	-	-	-	895,829	-	-
33	332	Miscellaneous Equipment	862,722	(442,442)	-	-	-	-	-	-	-	220,280	-	-
34	333	Miscellaneous Equipment - CNG Plant	-	442,442	-	8,141	-	-	-	-	-	450,582	-	-
35	334	Other Tangible Plant	155,378	-	-	-	-	-	-	-	-	155,378	-	-
36	335	SUBTOTAL	37,180,603	1	(1,424)	(20,676)	(144,553)	108,371	-	-	3	37,122,324	-	-
37	903	Land and Land Rights	20,738	-	-	-	-	-	(454)	-	-	20,284	-	-
38	904	Structures and Improvements	225,069	-	-	-	-	-	(4,793)	-	-	220,266	-	-
39	940	Office Furniture and Fixtures	24,473	-	-	-	-	-	6,296	-	-	30,770	-	-
40	940.1	Computers and Software	161,580	-	-	-	-	-	34,518	-	-	196,098	-	-
41	47	TOTALS	431,049	-	-	-	-	-	35,568	-	-	467,417	-	-
42	48													
43	49													
44	50													
45	51	Plant-in-Service per Books	\$ 37,612,452	\$ 1	\$ (1,424)	\$ (20,676)	\$ (144,553)	\$ 108,371	\$ 35,568	\$ 3	\$ 37,589,741			
46	52													
47	53	Increase (decrease) in Plant-in-Service										\$ 37,612,452		
48	54													
49	55	Adjustment to Plant-in-Service										\$ (22,711)		
50	56													
51	57													
52	58													
53	59													
54	60													
55	61													
56	62													

RECAP SCHEDULES  
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Settlement Schedule B-2  
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44 SUPPORTING SCHEDULE  
45 Work papers  
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**RECAP SCHEDULES:**  
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Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - C

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Line  
No.

1 Plant True-Up

4 Acct.

No.	Description	2009	2010	2011	2012	2013	2014	PTY	Total
6	301 Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	302 Franchise Cost	-	-	-	-	-	-	-	-
8	303 Land and Land Rights	-	-	-	-	-	-	-	-
9	304 Structures and Improvements	-	-	-	-	-	-	-	-
10	305 Collecting and Impounding Res.	-	-	-	-	-	(163,871)	(4,140)	(168,010)
11	306 Lake River and Other Intakes	-	-	-	-	-	-	-	-
12	307 Wells and Springs	-	-	-	-	-	-	-	-
13	308 Infiltration Galleries and Tunnels	-	-	-	-	-	(291)	12,291	12,000
14	309 Supply Mains	-	-	-	-	-	-	-	-
15	310 Power Generation Equipment	-	-	-	-	-	2,180	-	2,180
16	311 Electric Pumping Equipment	-	-	-	-	-	-	(561)	(561)
17	320 Water Treatment Equipment	-	-	-	-	-	(131)	55,466	55,335
18	320.1 Water Treatment Plant	-	-	-	-	-	-	-	-
19	320.2 Chemical Solution Feeders	-	-	-	-	-	(114)	777	664
20	330 Dist. Reservoirs & Standpipe	-	-	-	-	-	-	429	429
21	330.1 Storage tanks	-	-	-	-	-	-	-	-
22	330.2 Pressure Tanks	-	-	-	-	-	(1)	-	(1)
23	331 Trans. and Dist. Mains	-	-	-	-	-	-	-	-
24	333 Services	-	-	-	-	-	1,281	30,077	31,358
25	334 Meters	-	-	-	-	-	(2,148)	52,357	50,209
26	335 Hydrants	-	-	-	-	-	(100,149)	39,258	(60,890)
27	336 Backflow Prevention Devices	-	-	-	-	-	-	1,328	1,328
28	339 Other Plant and Misc. Equip.	-	-	-	-	-	-	-	-
29	340 Office Furniture and Fixtures	-	-	-	-	-	-	-	-
30	340.1 Computers and Software	-	-	-	-	-	(506)	(2,137)	(2,643)
31	341 Transportation Equipment	-	-	-	-	-	469	2,137	2,605
32	342 Stores Equipment	-	-	-	-	-	38,258	-	38,258
33	343 Tools and Work Equipment	-	-	-	-	-	-	-	-
34	344 Laboratory Equipment	-	-	-	-	-	1	5,395	5,395
35	345 Power Operated Equipment	-	-	-	-	-	-	-	-
36	346 Communications Equipment	-	-	-	-	-	-	37	37
37	347 Miscellaneous Equipment	-	-	-	-	-	627	2,863	3,490
38	347.1 Miscellaneous Equipment - CNG Plant	-	-	-	-	-	-	-	-
39	348 Other Tangible Plant	-	-	-	-	-	-	8,141	8,141
40		-	-	-	-	-	-	-	-
41	TOTALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (224,385)	\$ 203,719	\$ (20,676)

44 SUPPORTING SCHEDULE

45 Work papers

46

RECAP SCHEDULES:  
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Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - D

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Line

No.

1 Plant Addition Correction

2

3

4 Acct.

5 No.

6 Description

7

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		2009	2010	2011	2012	2013	2014	Total
301	Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
302	Franchise Cost							
303	Land and Land Rights							
304	Structures and Improvements							
305	Collecting and Impounding Res.							
306	Lake River and Other Intakes							
307	Wells and Springs							
308	Infiltration Galleries and Tunnels							
309	Supply Mains							
310	Power Generation Equipment							
311	Electric Pumping Equipment							
320	Water Treatment Equipment							
320.1	Water Treatment Plant							
320.2	Chemical Solution Feeders							
330	Dist. Reservoirs & Standpipe							
330.1	Storage tanks							
330.2	Pressure Tanks							
331	Trans. and Dist. Mains							
333	Services						(1,324)	(1,324)
334	Meters							
335	Hydrants						(143,229)	(143,229)
336	Backflow Prevention Devices							
339	Other Plant and Misc. Equip.							
340	Office Furniture and Fixtures							
340.1	Computers and Software							
341	Transportation Equipment							
342	Stores Equipment							
343	Tools and Work Equipment							
344	Laboratory Equipment							
345	Power Operated Equipment							
346	Communications Equipment							
347	Miscellaneous Equipment							
347.1	Miscellaneous Equipment - CNG Plant							
348	Other Tangible Plant							
TOTALS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (144,553)	\$ (144,553)

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

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Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - E

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Line  
No.

1 Retirements and Retirement Corrections

2

3

4 Acct.

5 No. Description

Retirements

6 301 Organization Cost

7 302 Franchise Cost

8 303 Land and Land Rights

9 304 Structures and Improvements

10 305 Collecting and Impounding Res.

11 306 Lake River and Other Intakes

12 307 Wells and Springs

13 308 Infiltration Galleries and Tunnels

14 309 Supply Mains

15 310 Power Generation Equipment

16 311 Electric Pumping Equipment

(36,183)

17 320 Water Treatment Equipment

18 320.1 Water Treatment Plant

19 320.2 Chemical Solution Feeders

20 330 Dist. Reservoirs & Standpipe

21 330.1 Storage tanks

22 330.2 Pressure Tanks

23 331 Trans. and Dist. Mains

1,324

24 333 Services

25 334 Meters

143,229

26 335 Hydrants

27 336 Backflow Prevention Devices

28 339 Other Plant and Misc. Equip.

29 340 Office Furniture and Fixtures

30 340.1 Computers and Software

31 341 Transportation Equipment

32 342 Stores Equipment

33 343 Tools and Work Equipment

34 344 Laboratory Equipment

35 345 Power Operated Equipment

36 346 Communications Equipment

37 347 Miscellaneous Equipment

38 347.1 Miscellaneous Equipment - CNG Plant

39 348 Other Tangible Plant

40

41 TOTALS

\$ 108,371

42

43

44 SUPPORTING SCHEDULE

45 Work papers

46

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Settlement Schedule B-2  
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Witness: Bourassa

Line No.		[1] Revised Original Cost	[2] Liberty Utilities Factor	[3] BV Water Factor	[4] = [1]x[2]x[3] Allocated Original Cost	Direct Original Cost	Increase (Decrease)
1	Allocated Corporate Plant						
2							
3							
4	Acct.						
5	No. Description						
6	903 Land and Land Rights	1,312,818	12.94%	11.94%	20,284	20,738	(454)
7	904 Structures and Improvements	11,123,684	12.94%	11.94%	171,865	186,562	(14,697)
8	940.1 Computers and Software	2,187,630	12.94%	11.94%	33,800	32,493	1,307
9							
10							
11	LU Sub-Corp. Plant						
12							
13	903 Land and Land Rights	-		11.94%	-	-	-
14	904 Structures and Improvements	405,370		11.94%	48,401	38,497	9,904
15	940 Office Furniture and Equipment	257,704		11.94%	30,770	24,473	6,296
16	940.1 Computers and Software	1,359,281		11.94%	162,298	129,087	33,211
17							
18							
19							
20							
21							
22							
23							
24							
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34							
35							
36							
37							
38							
39							
40							
41	TOTALS				\$ 467,417	\$ 431,849	\$ 35,568
42							
43							
44	SUPPORTING SCHEDULE						
45	Work papers						
46	Testimony						

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - G

Exhibit  
Settlement Schedule B-2  
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Line No.						
1	<u>Reconciliation of Plant to Plant Reconstruction</u>					
2						
3				Settlement		
4	Acct.	Adjusted		Adjusted	Plant	
5	No.	Original	B-2	Original	Per	
6	Description	Cost	Adjustments	Cost	Reconstruction	Difference
7	101 Plant-in-Service	-	-	-	-	-
8	301 Organization Cost	-	-	-	-	-
9	302 Franchise Cost	98,989	-	98,989	98,989	-
10	303 Land and Land Rights	688,011	-	688,011	688,011	-
11	304 Structures and Improvements	4,294,328	(306,481)	3,987,847	3,987,850	3
12	305 Collecting and Impounding Res.	46,813	-	46,813	46,813	(0)
13	306 Lake River and Other Intakes	-	-	-	-	-
14	307 Wells and Springs	1,692,408	(19,527)	1,672,881	1,672,881	-
15	308 Infiltration Galleries and Tunnels	-	-	-	-	-
16	309 Supply Mains	432,050	2,180	434,230	434,230	-
17	310 Power Generation Equipment	195,696	18,877	214,572	214,572	-
18	311 Electric Pumping Equipment	3,195,256	66,170	3,261,426	3,261,426	-
19	320 Water Treatment Equipment	117,674	(117,674)	0	0	(0)
20	320.1 Water Treatment Plant	-	63,317	63,317	63,317	-
21	320.2 Chemical Solution Feeders	-	55,450	55,450	55,450	-
22	330 Dist. Reservoirs & Standpipe	3,195,343	(3,195,343)	0	0	(0)
23	330.1 Storage tanks	-	2,706,220	2,706,220	2,706,220	-
24	330.2 Pressure Tanks	-	461,546	461,546	461,546	-
25	331 Trans. and Dist. Mains	14,654,450	161,053	14,815,503	14,815,503	-
26	333 Services	2,173,490	50,209	2,223,699	2,223,699	-
27	334 Meters	1,959,945	(60,890)	1,899,055	1,899,055	-
28	335 Hydrants	1,151,007	1,328	1,152,335	1,152,335	-
29	336 Backflow Prevention Devices	-	-	-	-	-
30	339 Other Plant and Misc. Equip.	189,235	-	189,235	189,235	-
31	340 Office Furniture and Fixtures	281,034	(115,961)	165,073	165,073	-
32	340.1 Computers and Software	166,002	115,525	281,527	281,527	-
33	341 Transportation Equipment	519,513	38,258	557,771	557,771	-
34	342 Stores Equipment	-	-	-	-	-
35	343 Tools and Work Equipment	314,385	5,794	320,178	320,178	-
36	344 Laboratory Equipment	3,285	-	3,285	3,285	-
37	345 Power Operated Equipment	101,250	37	101,287	101,287	-
38	346 Communications Equipment	892,339	3,490	895,829	895,829	-
39	347 Miscellaneous Equipment	662,722	(442,442)	220,280	220,280	-
40	347.1 Miscellaneous Equipment - CNG F	-	450,582	450,582	450,582	-
41	348 Other Tangible Plant	155,378	-	155,378	155,378	-
42	TOTALS	\$ 37,180,603	\$ (58,282)	\$ 37,122,321	\$ 37,122,324	\$ 3

45 SUPPORTING SCHEDULE  
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Line No.	MARUC Account No.	Description	Per Decation			2009									
			Plant at 3/31/2009	Accum. Deprec. At 3/31/2009	3/31/2009	Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Adjustments	RC Adjustments	Adjusted Plant Refirements (Per Books)	Adjusted Plant Refirements	Salvage A/D Own	8 months Depreciation (Calculated)	Plant Balance	Accum. Deprac.
1	301	Organization Cost	-	-	-	-	(6,362)	-	-	-	-	-	(6,401)	-	
2	302	Franchise Cost	661	-	-	688,011	-	-	-	-	-	-	688,011	-	
3	303	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	
4	304	Structures & Improvements	1,914,771	387,034	118,778	(98,772)	(1,238)	(102,118)	(88,351)	-	-	48,743	1,829,420	443,777	
5	305	Collecting & Impounding Reservoirs	48,813	2,059	-	-	-	-	-	-	-	878	48,813	2,936	
6	306	Lake, River, Canal Intakes	-	-	-	-	-	-	-	-	-	-	-	-	
7	307	Weirs & Springs	1,298,272	527,041	58,778	-	(12,702)	-	24,076	-	-	32,275	1,322,348	555,796	
8	308	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	
9	309	Raw Water Supply Mains	3,256	85	924	-	-	-	824	-	-	56	4,180	141	
10	310	Power Generation Equipment	1,283	75	-	-	-	-	-	-	-	46	1,283	124	
11	311	Pumping Equipment	2,246,171	1,934,910	3,849	-	-	-	3,849	-	-	210,759	2,250,020	2,148,668	
12	320	Water Treatment Equipment	83,385	12,625	-	-	-	-	-	-	-	2,083	83,385	14,907	
13	320.1	Water Treatment Plants	-	-	-	-	-	-	-	-	-	-	-	-	
14	320.2	Solution Chemical Feeders	-	-	-	-	-	-	-	-	-	-	-	-	
15	330	Distribution Reservoirs & Standpipes	2,637,717	775,303	24,049	(2,800)	(1,204)	(19,841)	105,068	-	-	43,918	2,937,717	819,221	
16	330.1	Storage Tanks	-	-	-	-	-	-	-	-	-	875	105,068	-	
17	330.2	Pressure Towers	-	-	-	-	-	-	-	-	-	-	-	-	
18	331	Transmission & Distribution Mains	12,226,689	3,488,236	210,421	(111,826)	(44,286)	18,981	71,490	-	-	183,840	12,290,379	3,673,173	
19	332	Services	1,438,715	817,929	31,515	(187)	(82)	-	31,286	-	-	38,822	1,480,981	854,751	
20	334	Meters	1,378,333	1,346,989	32,839	(3,470)	-	-	29,469	-	-	24,646	1,407,802	1,371,345	
21	335	Hydrants	961,686	276,183	31,400	-	-	-	31,400	-	-	14,864	993,268	280,827	
22	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	
23	339	Other Plant & Misc Equipment	114,539	8,753	1,268	-	-	-	1,268	-	-	5,762	115,807	14,515	
24	340	Office Furniture & Equipment	177,672	138,232	-	-	-	-	-	-	-	8,868	177,672	147,120	
25	340.1	Computers & Software	160,820	117,738	-	-	-	-	-	-	-	24,138	160,820	141,876	
28	341	Transportation Equipment	268,464	248,950	30,435	(13,699)	-	-	16,826	-	-	15,988	285,290	264,847	
27	342	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	
29	343	Tool, Shop & Garage Equipment	122,712	122,448	-	-	-	-	-	-	-	196	122,712	122,848	
29	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	
30	345	Power Operated Equipment	31,548	5,882	-	-	-	-	-	-	-	1,183	31,548	7,085	
31	346	Communication Equipment	420,744	93,204	84,135	(57,385)	(348)	-	6,402	-	-	31,798	427,146	125,090	
32	347	Miscellaneous Equipment	107,306	100,742	-	-	-	-	-	-	-	4,923	107,306	105,885	
33	347.1	Miscellaneous Equipment - CNG Plant	-	-	-	-	-	-	-	-	-	-	-	-	
34	348	Other Tangible Plant	155,378	27,181	-	-	-	-	-	-	-	11,653	165,378	38,845	
35		Rounding	-	-	-	-	-	-	-	-	-	-	-	-	
36		TOTALS	28,595,787	10,442,488	584,460	(295,281)	(58,873)	-	279,325	-	-	702,594	28,725,082	11,145,092	

Liberty Utilities (Bella Vista Water) Corp.  
Plant Additions and Retirements

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Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Amort Profit Plant Adjustments	RC Adjustments	Adjusted Plant Additions	2010 Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprac.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	86,443	-	-	-	86,443	-	-	-	-	91,042	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	688,011	-
4	304	Structures & Improvements	3.33%	828,254	-	-	-	828,254	-	-	-	76,342	2,756,675	520,119
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	1,170	46,813	4,107
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	418,887	-	-	(48,887)	-	-	-	-	44,034	1,322,348	603,800
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Hens	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	84	4,180	225
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	85	1,293	188
12	320	Water Treatment Equipment	3.33%	66,641	-	-	47,273	118,914	36,183	36,183	-	108,470	2,330,751	2,217,957
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	2,777	83,385	17,654
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	108,787	-	-	(108,787)	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	58,557	2,637,717	877,778
18	331	Transmission & Distribution Mains	2.00%	413,723	-	(2,767)	108,787	519,743	-	-	-	2,333	105,088	3,207
19	333	Services	3.33%	47,808	-	-	-	47,808	-	-	-	251,165	12,816,123	3,824,340
20	334	Meters	5.33%	46,614	-	-	-	46,614	-	-	-	50,412	1,537,788	805,163
21	335	Hydrants	2.00%	20,220	-	-	-	20,220	-	-	-	12,305	1,454,418	1,383,850
22	338	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	20,088	1,013,518	310,885
23	339	Other Plant & Misc Equipment	6.67%	5,864	-	-	-	5,864	-	-	-	7,914	121,502	22,429
24	340	Office Furniture & Equipment	6.67%	5,111	-	-	-	5,111	-	-	-	12,021	182,783	159,142
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	18,044	160,820	180,920
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	8,244	285,260	273,091
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-
28	343	Tool, Shop & Garage Equipment	5.00%	13,883	-	-	-	13,883	-	-	-	408	136,385	123,054
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	1,577	31,548	8,642
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	42,715	427,146	167,714
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	1,841	107,306	107,306
33	347.1	Miscellaneous Equipment - CNG Plant	3.33%	-	-	-	-	-	-	-	-	-	-	-
34	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	15,538	155,378	54,382
35		Rounding		-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		1,904,874	-	(2,767)	(1,424)	1,899,484	36,183	36,183	-	738,884	28,498,303	11,845,794



Liberty Utilities (Bella Vista Water) Corp.  
Plant Additions and Retirements

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Witness: Bourassa

Line No.	NALUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	RC Adjustments	Adjusted Plant Additions	2011 Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage Add-Only	Depreciation (Calculated)	Plant Balance	Accum. Deprac.
1	301	Organization Cost	0.00%	7,947	-	-	7,947	-	-	-	-	60,988	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	688,011	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	2,986,647	613,747
4	304	Structures & Improvements	3.33%	127,169	(21)	(17,170)	109,972	-	-	-	90,628	48,813	5,277
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	1,170	-	-
6	306	Lake, River, Canal Intakes	3.33%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	214,277	(2,350)	17,170	229,097	-	-	-	47,849	1,551,445	651,649
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-
12	320	Water Treatment Equipment	3.33%	132,018	(1,820)	-	130,188	-	-	-	23,232	2,460,840	2,241,168
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	83,385	20,460
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	2,051	-	(2,051)	-	-	-	-	50,557	2,837,717	938,336
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	2,333	105,068	5,540
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	802,203	(5,313)	211	888,910	-	-	-	5	211	5
19	333	Services	3.33%	125,038	(1,962)	1,840	123,446	-	-	-	265,251	13,706,932	4,189,561
20	334	Meters	8.33%	25,286	(378)	-	24,910	-	-	-	83,294	1,061,235	958,437
21	335	Hydrants	2.00%	38,110	(333)	-	36,777	-	-	-	7,375	1,479,328	1,391,025
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	20,658	1,052,263	331,953
23	338	Other Plant & Misc Equipment	6.67%	5,815	-	-	5,815	-	-	-	-	-	-
24	340	Office Furniture & Equipment	6.67%	504	-	-	504	-	-	-	-	-	-
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	15,998	-	-	15,998	-	-	-	-	-	-
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	34,634	(752)	-	34,083	-	-	-	-	-	-
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
33	347.1	Miscellaneous Equipment - CNG Plant	3.33%	-	-	-	-	-	-	-	-	-	-
34	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-
35		Rounding		-	-	-	-	-	-	-	-	-	-
36		TOTALS		1,622,318	(12,765)	-	1,609,553	-	-	-	863,064	30,108,848	12,503,655

NARUC Account No.		Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Annual Profit Plant Adjustments	RC Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage Additions	Depreciation (Calc/Rate)	Plant Balance	Accum. Debits
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	98,989	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	648,011	-
4	304	Structures & Improvements	3.33%	96,738	-	(1,429)	-	95,309	-	-	-	-	97,048	2,061,956	710,793
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	1,170	46,813	9,447
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	33,438	-	(600)	-	32,839	-	-	-	-	52,210	1,584,204	703,659
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
9	308	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	84	4,180	392
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	85	1,293	318
11	311	Pumping Equipment	12.50%	168,448	-	(1,120)	-	167,328	-	-	-	-	41,837	2,828,269	2,263,016
12	320	Water Treatment Equipment	3.33%	14,865	-	(335)	(14,351)	-	-	-	-	-	2,777	83,365	23,237
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	14,351	14,351	-	-	-	-	1,435	14,351	1,435
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	58,557	2,837,717	994,083
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	2,333	105,086	7,872
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	11	211	16
18	331	Transmission & Distribution Mains	2.00%	559,443	-	(4,286)	-	555,153	-	-	-	-	278,690	14,262,114	4,486,281
19	333	Sanitary	3.33%	231,032	-	(2,894)	-	228,047	1	-	1	-	9,116	1,899,282	1,017,543
20	334	Meters	6.33%	77,848	-	(1,400)	-	77,448	-	-	-	-	11,638	1,558,772	1,402,663
21	335	Hydrants	2.00%	48,189	-	(567)	-	47,632	-	-	-	-	21,522	1,096,925	353,075
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
23	338	Other Plant & Misc Equipment	6.67%	77,205	-	(2,136)	(75,068)	-	-	-	-	-	8,462	127,317	38,219
24	340	Office Furniture & Equipment	20.00%	-	-	-	75,068	-	-	-	-	-	7,224	163,287	178,574
25	340.1	Computers & Software	20.00%	2,366	-	-	75,068	-	-	-	-	-	7,507	235,989	168,437
26	341	Transportation Equipment	20.00%	-	-	-	-	2,366	-	-	-	-	6,780	303,448	284,796
27	342	Store Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	39,333	-	(838)	-	38,497	-	-	-	-	3,351	209,875	127,641
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	31,548	11,797
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	42,715	283,143
32	347	Miscellaneous Equipment	10.00%	10,063	-	(247)	-	9,817	-	-	-	-	481	117,123	107,787
33	347.1	Miscellaneous Equipment - CNG Plant	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
34	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	15,438	155,376	85,458
35		Rounding		-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		1,358,746	-	(15,912)	-	1,342,834	-	-	-	-	723,138	31,453,126	13,231,983

Liberty Utilities (Bella Vista Water) Corp.  
Plant Additions and Retirement

Enfield  
Settlement Schedule B-2  
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Witness: Bourassa

MARUC Account No.		Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Altitude Profit Plant Adjustments	RC Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Plant only B-2 Actual	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	98,988	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	-	698,011	-
4	304	Structures & Improvements	3.33%	217,500	-	-	-	217,500	72,874	-	72,874	-	-	101,044	3,106,782	739,184
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	1,170	48,813	7,918
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	17,716	-	17,716	-	-	52,442	1,569,569	738,904
8	308	Infiltration Galleries	8.67%	-	-	-	-	-	-	-	-	-	-	84	4,180	475
9	308	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	65	1,293	382
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	58,548	2,842,219	2,255,307
11	311	Pumping Equipment	12.50%	100,208	-	-	-	100,208	86,256	-	86,256	-	-	2,683	76,559	19,075
12	320	Water Treatment Equipment	3.33%	18,671	-	-	(18,671)	-	6,826	-	6,826	-	-	4,537	-	-
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	58,557	2,837,717	1,053,450
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	18,671	18,671	-	-	-	-	-	2,333	165,068	10,205
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-	211	20
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	289,038	14,346,864	4,738,662
17	330.2	Pressure Tanks	5.00%	-	-	(1,071)	-	-	-	-	-	-	-	64,099	1,980,514	1,032,379
18	331	Transmission & Distribution Mains	2.00%	102,328	-	-	-	101,257	18,707	-	18,707	-	-	21,766	1,673,625	1,375,861
19	333	Services	3.33%	120,495	-	-	-	120,495	49,283	-	49,283	-	-	22,351	1,195,128	372,689
20	334	Meters	8.33%	185,722	-	-	-	185,722	48,869	-	48,869	-	-	-	-	-
21	335	Hydrants	2.00%	37,941	-	-	-	37,941	2,737	-	2,737	-	-	-	-	-
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	6.67%	1,478	-	-	-	1,478	-	-	-	-	-	9,341	128,786	47,760
24	340	Office Furniture & Equipment	6.67%	51,004	-	-	(37,966)	13,908	33,565	-	33,565	-	-	838	163,630	145,848
25	340.1	Computers & Software	20.00%	-	-	-	-	37,966	-	-	-	-	-	18,813	273,985	187,240
26	341	Transportation Equipment	26.00%	-	-	-	-	-	-	-	-	-	-	6,887	303,448	281,793
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	82,242	-	-	-	82,242	8,792	-	8,792	-	-	5,869	262,424	125,016
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	1,577	31,848	13,375
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	42,715	427,148	295,856
32	347	Miscellaneous Equipment	10.00%	45	-	-	-	45	5,888	-	5,888	-	-	984	111,280	102,893
33	347.1	Miscellaneous Equipment - CNG Plant	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
34	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	15,538	155,378	100,996
35		Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		876,535	-	(1,071)	-	875,464	348,295	-	349,295	-	-	777,650	31,978,988	13,860,348

Liberty Utilities (Bella Vista Water) Corp.  
Plant Additions and Reservations

Exhibit  
Settlement Schedule B-2  
Page 3.13  
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Pm Books)	Plant Adjustments	Plant Profit	RC	Adjusted Plant Additions	Plant Refirements (Pm Books)	Reversion Adjustments	Adjusted Plant Refirements	3204330 Reserves	Salvage AD Only	RC Only PTV AD	Depreciation Calculated	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	90,069	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	695,011	-
4	304	Structures & Improvements	3.33%	1,018,589	-	-	(183,871)	854,718	8,159	-	35,508	-	-	581	117,534	3,887,650	848,130
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	1,170	46,813	8,788
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	90,947	-	-	(291)	90,657	63	-	15,740	-	-	282	53,675	1,072,061	792,458
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	308	Raw Water Supply Mains	2.00%	427,870	-	-	2,180	430,051	-	-	-	-	-	-	-	434,230	4,860
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	615,082	-	-	(131)	614,952	76,372	-	213,279	-	-	5,332	95	214,572	5,779
12	320	Water Treatment Equipment	3.33%	4,217	-	-	(4,217)	-	-	-	83,627	-	-	5,227	103,248	3,281,428	2,284,407
13	320.1	Water Treatment Plants	3.33%	-	-	-	(114)	-	-	-	0	-	-	-	0	0	(0)
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	4,217	-	-	-	777	-	-	13	(2)	83,317	17,707
15	350	Distribution Reservoirs & Standpipes	2.00%	428,849	-	-	(428,849)	0	-	-	6,305	-	-	630	6,826	55,450	17,157
16	330.1	Storage Tanks	2.22%	-	-	-	424,770	424,770	-	-	-	-	-	-	58,557	0	(0)
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	7,047	2,708,220	934,771
18	331	Transmission & Distribution Mains	2.00%	451,838	-	-	(121)	453,751	28,254	(1,304)	24,830	-	-	400	281,221	14,815,503	184,526
19	333	Services	3.33%	197,457	-	-	(2,146)	195,309	35,784	-	103,660	-	-	1,726	87,941	2,223,899	1,086,262
20	334	Meters	6.33%	432,978	-	-	(243,378)	189,600	165,861	(143,220)	58,261	-	-	2,427	36,585	1,899,065	1,392,121
21	335	Hydrants	2.00%	14,131	-	-	-	14,131	63	-	63	-	-	31	22,643	1,152,335	386,500
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	338	Other Plant & Misc Equipment	6.67%	60,440	-	-	-	60,440	-	-	-	-	-	-	-	189,235	58,367
24	340	Office Furniture & Equipment	6.67%	1,619	-	-	(760)	859	-	-	584	-	-	18	1,331	185,073	147,198
25	340.1	Computers & Software	20.00%	5,803	-	-	723	6,526	1,262	-	2,478	-	-	248	23,245	281,527	209,472
26	341	Transportation Equipment	20.00%	310,415	-	-	-	348,673	94,350	-	94,350	-	-	-	40,802	587,771	238,045
27	342	Storage Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	45,101	-	-	1	45,102	6,503	-	19,156	-	-	-	8,553	330,178	127,547
29	344	Laboratory Equipment	10.00%	3,285	-	-	-	3,285	-	-	-	-	-	-	-	164	164
30	345	Power Operated Equipment	5.00%	38,380	-	-	-	38,380	-	-	30,389	-	-	-	2,561	101,287	16,895
31	346	Communication Equipment	10.00%	458,746	-	-	627	457,373	1,878	-	12,888	-	-	649	65,499	895,679	360,331
32	347	Miscellaneous Equipment	10.00%	109,001	-	-	-	109,001	-	-	-	-	-	-	6,436	220,280	106,328
33	347.1	Miscellaneous Equipment - CHG Plant	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	450,582	7,502
34	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	450,582	-	-	7,502	-	155,378	116,534
35		Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		4,711,519	-	(121)	(388,848)	4,342,450	420,168	(144,553)	275,615	1,078,491	(0)	28,297	947,871	37,122,324	14,356,001

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2

Exhibit  
 Settlement Schedule B-2  
 Page 4  
 Witness: Bourassa

Line No.	Asset Description	Adjusted Accum. Depr.	Plant Relclass	Unsupported Plant	Plant Inve-Up	Plant Addition Correction	Relayments	Corporate Plant	PTY Plant Disposition	Eliminate A/D	Adjustments to Reconcile A/D to Reconciliation	Settlement Adjusted Accum. Depr.
1		125,028								(125,028)		
2												
3												
4	Accr.											
5	108 Accumulated Depreciation	870,543	(20,279)		(2,728)							848,130
6	109 Accumulated Amortization	8,788										8,788
7	301 Organization Cost											
8	302 Franchise Cost											
9	303 Land and Land Rights											
10	304 Structures and Improvements											
11	305 Collecting and Impounding Res.											
12	306 Lake River and Other Intakes											
13	307 Wells and Springs											
14	308 Infiltration Galleries and Tunnels											
15	309 Supply Means											
16	310 Power Generation Equipment	4,836										4,836
17	311 Electric Pumping Equipment	447										447
18	320 Water Treatment Plant	2,284,790	(23,722)	(801)	(8)		(38,183)					2,284,407
19	320.1 Water Treatment Plant	23,722										23,722
20	320.2 Chemical Solution Feeders											
21	330.1 Storage Tanks											
22	330.2 Pressure Tanks											
23	331 Trans. and Dist. Mains											
24	332 Meters											
25	333 Backflow Prevention Devices											
26	334 Other Plant and Misc. Equip											
27	335 Computers and Software											
28	340.1 Transportation Equipment											
29	341 Stores Equipment											
30	342 Tools and Work Equipment											
31	343 Laboratory Equipment											
32	344 Power Operated Equipment											
33	345 Communications Equipment											
34	346 Miscellaneous Equipment											
35	347.1 Miscellaneous Equipment - CNG Plant											
36	348 Other Tangible Plant											
37												
38												
39												
40												
41												
42												
43	903 Land and Land Rights											
44	904 Structures and Improvements											
45	940 Office Furniture and Fixtures											
46	940.1 Computers and Software											
47												
48												
49												
50	TOTALS											
51	Accumulated Depreciation per Books											
52	Increase (decrease) in Accumulated Depreciation											
53	Adjustment to Accumulated Depreciation											
54												
55												
56												
57												
58												

RECAP SCHEDULES  
 B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - A

Exhibit  
Settlement Schedule B-2  
Page 4.1  
Witness: Bourassa

Line

No.

1 Plant Reclass

2

3

4 Acct.

5 No. Description

6 301 Organization Cost

7 302 Franchise Cost

8 303 Land and Land Rights

9 304 Structures and Improvements

10 305 Collecting and Impounding Res.

11 306 Lake River and Other Intakes

12 307 Wells and Springs

13 308 Infiltration Galleries and Tunnels

14 309 Supply Mains

15 310 Power Generation Equipment

16 311 Electric Pumping Equipment

17 320 Water Treatment Equipment

18 320.1 Water Treatment Plant

19 320.2 Chemical Solution Feeders

20 330 Dist. Reservoirs & Standpipe

21 330.1 Storage tanks

22 330.2 Pressure Tanks

23 331 Trans. and Dist. Mains

24 333 Services

25 334 Meters

26 335 Hydrants

27 336 Backflow Prevention Devices

28 339 Other Plant and Misc. Equip.

29 340 Office Furniture and Fixtures

30 340.1 Computers and Software

31 341 Transportation Equipment

32 342 Stores Equipment

33 343 Tools and Work Equipment

34 344 Laboratory Equipment

35 345 Power Operated Equipment

36 346 Communications Equipment

37 347 Miscellaneous Equipment

38 347.1 Miscellaneous Equipment - CNG Plant

39 348 Other Tangible Plant

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Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - B

Exhibit  
Settlement Schedule B-2  
Page 4.2  
Witness: Bourassa

Line

No.

Unsupported Plant

2

3

4 Acct.

5 No.

6 Description

7 301

8 302

9 303

10 304

11 305

12 306

13 307

14 308

15 309

16 310

17 311

18 320

19 320

20 330

21 330

22 330

23 331

24 333

25 334

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39 348

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Depr	Depr	Depr	Depr	Depr	Depr	Depr	Depr	Depr
Rate	2009	2010	2011	2012	2013	2014	Total	
0.00%	-	-	-	-	-	-	\$	-
0.00%	-	-	-	-	-	-	-	-
0.00%	-	-	-	-	-	-	-	-
3.33%	-	-	-	-	-	-	-	-
2.50%	-	-	-	-	-	-	-	-
2.50%	-	-	-	-	-	-	-	-
3.33%	-	-	-	-	-	-	-	-
6.67%	-	-	-	-	-	-	-	-
2.00%	-	-	-	-	-	-	-	-
5.00%	-	-	-	-	-	-	-	-
12.50%	-	(89)	(178)	(178)	(178)	(178)	(801)	-
3.33%	-	-	-	-	-	-	-	-
3.33%	-	-	-	-	-	-	-	-
20.00%	-	-	-	-	-	-	-	-
2.22%	-	-	-	-	-	-	-	-
2.22%	-	-	-	-	-	-	-	-
5.00%	-	-	-	-	-	-	-	-
2.00%	-	-	-	-	-	-	-	-
3.33%	-	-	-	-	-	-	-	-
8.33%	-	-	-	-	-	-	-	-
2.00%	-	-	-	-	-	-	-	-
6.67%	-	-	-	-	-	-	-	-
6.67%	-	-	-	-	-	-	-	-
6.67%	-	-	-	-	-	-	-	-
20.00%	-	-	-	-	-	-	-	-
20.00%	-	-	-	-	-	-	-	-
4.00%	-	-	-	-	-	-	-	-
5.00%	-	-	-	-	-	-	-	-
10.00%	-	-	-	-	-	-	-	-
5.00%	-	-	-	-	-	-	-	-
10.00%	-	-	-	-	-	-	-	-
10.00%	-	-	-	-	-	-	-	-
3.33%	-	-	-	-	-	-	-	-
10.00%	-	-	-	-	-	-	-	-
TOTALS	\$	-	\$ (89)	\$ (178)	\$ (178)	\$ (178)	\$ (178)	\$ (801)

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:  
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - C

Exhibit  
Settlement Schedule B-2  
Page 4.3  
Witness: Bourassa

Line

No.	Plant Accrual Adjustment								
Acct.		Depr	Depr	Depr	Depr	Depr	Depr	Depr	Depr
No.	Description	Rate	2009	2010	2011	2012	2013	2014	Total
301	Organization Cost	0.00%	-	-	-	-	-	-	\$ -
302	Franchise Cost	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	-	-	-	-	-	-	-
304	Structures and Improvements	3.33%	-	-	-	-	-	(2,728)	(2,728)
305	Collecting and Impounding Res.	2.50%	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	-	-	-	-	-	(5)	(5)
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-	-	22	22
310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	-	-	-	-	-	(8)	(8)
320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-
320.1	Water Treatment Plant	3.33%	-	-	-	-	-	(2)	(2)
320.2	Chemical Solution Feeders	20.00%	-	-	-	-	-	-	-
330	Dist. Reservoirs & Standpipe	2.22%	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	-	-	-	-	-	(0)	(0)
330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	-	-	-	-	-	13	13
333	Services	3.33%	-	-	-	-	-	(36)	(36)
334	Meters	8.33%	-	-	-	-	-	(4,171)	(4,171)
335	Hydrants	2.00%	-	-	-	-	-	-	-
336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-
340.1	Computers and Software	20.00%	-	-	-	-	-	(17)	(17)
341	Transportation Equipment	20.00%	-	-	-	-	-	47	47
342	Stores Equipment	4.00%	-	-	-	-	-	3,826	3,826
343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-
344	Laboratory Equipment	10.00%	-	-	-	-	-	0	0
345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	-	-	-	-	-	31	31
347.1	Miscellaneous Equipment - CNG Plant	3.33%	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-
TOTALS			\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,029)	\$ (3,029)

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4



Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - D

Exhibit  
Settlement Schedule B-2  
Page 4.4  
Witness: Bourassa

Line

No.

1 Plant Addition Correction

2

3

4 Acct.

5 No. Description

6 301 Organization Cost

7 302 Franchise Cost

8 303 Land and Land Rights

9 304 Structures and Improvements

10 305 Collecting and Impounding Res.

11 306 Lake River and Other Intakes

12 307 Wells and Springs

13 308 Infiltration Galleries and Tunnels

14 309 Supply Mains

15 310 Power Generation Equipment

16 311 Electric Pumping Equipment

17 320 Water Treatment Equipment

18 320.1 Water Treatment Plant

19 320.2 Chemical Solution Feeders

20 330 Dist. Reservoirs & Standpipe

21 330.1 Storage tanks

22 330.2 Pressure Tanks

23 331 Trans. and Dist. Mains

24 333 Services

25 334 Meters

26 335 Hydrants

27 336 Backflow Prevention Devices

28 339 Other Plant and Misc. Equip.

29 340 Office Furniture and Fixtures

30 340.1 Computers and Software

31 341 Transportation Equipment

32 342 Stores Equipment

33 343 Tools and Work Equipment

34 344 Laboratory Equipment

35 345 Power Operated Equipment

36 346 Communications Equipment

37 347 Miscellaneous Equipment

38 347.1 Miscellaneous Equipment - CNG Plant

39 348 Other Tangible Plant

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41 TOTALS

42

43

44 SUPPORTING SCHEDULE

45 Work papers

46

Depr

Depr

Depr

Depr

Depr

Depr

Depr

Depr

Total

Rate

2009

2010

2011

2012

2013

2014

Total

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Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - E

Exhibit  
Settlement Schedule B-2  
Page 4.5  
Witness: Bourassa

Line			
No.			
1	<u>Retirements and Retirements Corrections A/D</u>		
2			
3			
4	Acct.		
5	No.	Description	<u>A/D</u>
6	301	Organization Cost	-
7	302	Franchise Cost	-
8	303	Land and Land Rights	-
9	304	Structures and Improvements	-
10	305	Collecting and Impounding Res.	-
11	306	Lake River and Other Intakes	-
12	307	Wells and Springs	-
13	308	Infiltration Galleries and Tunnels	-
14	309	Supply Mains	-
15	310	Power Generation Equipment	-
16	311	Electric Pumping Equipment	(36,183)
17	320	Water Treatment Equipment	-
18	320.1	Water Treatment Plant	-
19	320.2	Chemical Solution Feeders	-
20	330	Dist. Reservoirs & Standpipe	-
21	330.1	Storage tanks	-
22	330.2	Pressure Tanks	-
23	331	Trans. and Dist. Mains	1,324
24	333	Services	-
25	334	Meters	143,229
26	335	Hydrants	-
27	336	Backflow Prevention Devices	-
28	339	Other Plant and Misc. Equip.	-
29	340	Office Furniture and Fixtures	-
30	340.1	Computers and Software	-
31	341	Transportation Equipment	-
32	342	Stores Equipment	-
33	343	Tools and Work Equipment	-
34	344	Laboratory Equipment	-
35	345	Power Operated Equipment	-
36	346	Communications Equipment	-
37	347	Miscellaneous Equipment	-
38	347.1	Miscellaneous Equipment - CNG Plant	-
39	348	Other Tangible Plant	-
40			
41	TOTALS		<u>\$ 108,371</u>
42			
43			
44	<u>SUPPORTING SCHEDULE</u>		
45	Work papers		
46			

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - F

Exhibit  
Settlement Schedule B-2  
Page 4.6  
Witness: Bourassa

Line No.	Acct.	Description	Direct PTY Plant Balance	Adjustments	Adjusted PTY Plant Balance	Depr Rate	Depr (1/2 Year) PTY
1		<u>PTY Plant A/D</u>					
2							
3							
4							
5							
6	301	Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
7	302	Franchise Cost	-	-	-	0.00%	-
8	303	Land and Land Rights	-	-	-	0.00%	-
9	304	Structures and Improvements	58,831	(23,323)	35,509	3.33%	591
10	305	Collecting and Impounding Res.	-	-	-	2.50%	-
11	306	Lake River and Other Intakes	-	-	-	2.50%	-
12	307	Wells and Springs	3,449	12,291	15,740	3.33%	262
13	308	Infiltration Galleries and Tunnels	-	-	-	6.67%	-
14	309	Supply Mains	-	-	-	2.00%	-
15	310	Power Generation Equipment	194,402	18,877	213,279	5.00%	5,332
16	311	Electric Pumping Equipment	28,417	55,211	83,627	12.50%	5,227
17	320	Water Treatment Equipment	5,876	(5,876)	0	3.33%	0
18	320.1	Water Treatment Plant	-	777	777	3.33%	13
19	320.2	Chemical Solution Feeders	-	6,305	6,305	20.00%	630
20	330	Dist. Reservoirs & Standpipe	-	-	-	2.22%	-
21	330.1	Storage tanks	-	-	-	2.22%	-
22	330.2	Pressure Tanks	-	-	-	5.00%	-
23	331	Trans. and Dist. Mains	9,942	30,077	40,018	2.00%	400
24	333	Services	51,303	52,357	103,660	3.33%	1,726
25	334	Meters	19,002	39,259	58,261	8.33%	2,427
26	335	Hydrants	1,811	1,328	3,139	2.00%	31
27	336	Backflow Prevention Devices	-	-	-	6.67%	-
28	339	Other Plant and Misc. Equip.	-	-	-	6.67%	-
29	340	Office Furniture and Fixtures	2,721	(2,137)	584	6.67%	19
30	340.1	Computers and Software	740	1,738	2,478	20.00%	248
31	341	Transportation Equipment	-	-	-	20.00%	-
32	342	Stores Equipment	-	-	-	4.00%	-
33	343	Tools and Work Equipment	13,362	5,793	19,156	5.00%	479
34	344	Laboratory Equipment	-	-	-	10.00%	-
35	345	Power Operated Equipment	30,352	37	30,389	5.00%	760
36	346	Communications Equipment	10,123	2,863	12,986	10.00%	649
37	347	Miscellaneous Equipment	442,442	(442,442)	-	10.00%	-
38	347.1	Miscellaneous Equipment - CNG Plant	-	450,582	450,582	3.33%	7,502
39	348	Other Tangible Plant	-	-	-	10.00%	-
40							
41		TOTALS	\$ 872,772	\$ 203,719	\$ 1,076,491		\$ 26,297

44 SUPPORTING SCHEDULE

45 Work papers

46

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - G

Exhibit  
Settlement Schedule B-2  
Page 4.7  
Witness: Bourassa

Line  
No.

1	<u>Corporate Plant A/D</u>						
2		[1]	[2]	[3]	[4] = [1]x[2]x[3]		
3			Liberty	Rio Rico	Allocated	Direct	
4	Acct.	Original	Utilities	Water	Original	Original	Increase
5	<u>No.</u> <u>Description</u>	<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>	<u>(Decrease)</u>
6	903 Land and Land Rights	\$ -	12.94%	11.94%	-	-	-
7	904 Structures and Improvments	309,237	12.94%	11.94%	4,778	4,784	(6)
8	940.1 Computers and Software	65,442	12.94%	11.94%	1,011	3,249	(2,238)
9							
10							
11	<u>LU Sub-Corp. Plant</u>						
12							
13	903 Land and Land Rights	-		11.94%	-	-	-
14	904 Structures and Improvments	74,974		11.94%	8,952	7,120	1,832
15	940 Office Furniture and Equipment	21,535		11.94%	2,571	2,045	526
16	940.1 Computers and Software	612,134		11.94%	73,089	58,133	14,956
17							
18							
19							
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21							
22							
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30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41	TOTALS				\$ 90,401	\$ 75,331	\$ 15,070
42							
43							

44 SUPPORTING SCHEDULE  
45 Work papers  
46 Testimony

RECAP SCHEDULES:  
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - H

Exhibit  
Settlement Schedule B-2  
Page 4.8  
Witness: Bourassa

Line  
No.

1 Remove A/D

2

3

4

Acct.

5

No. Description

6

186 Accumulated Amortization

A/D  
\$ (125,026)

7

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TOTALS

\$ (125,026)

42

43

44 SUPPORTING SCHEDULE

45 Work papers

46 Testimony

RECAP SCHEDULES:  
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - I

Exhibit  
Settlement Schedule B-2  
Page 4.9  
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Original Cost	B-2 Adjustments	Settlement Adjusted Original Cost	Plant Per Reconstruction	Difference
1		<u>Reconciliation of A/D to A/D Reconstruction</u>					
2							
3							
4							
5	108	Accumulated Depreciation	-	-	-	-	-
6	186	Accumulated Amortization	125,026	(125,026)	-	-	-
7	301	Organization Cost	-	-	-	-	-
8	302	Franchise Cost	-	-	-	-	-
9	303	Land and Land Rights	-	-	-	-	-
10	304	Structures and Improvements	870,543	(22,416)	848,127	848,130	3
11	305	Collecting and Impounding Res.	8,788	-	8,788	8,788	-
12	306	Lake River and Other Intakes	-	-	-	-	-
13	307	Wells and Springs	797,497	(5,039)	792,458	792,458	-
14	308	Infiltration Galleries and Tunnels	-	-	-	-	-
15	309	Supply Mains	4,838	22	4,860	4,860	-
16	310	Power Generation Equipment	447	5,332	5,779	5,779	-
17	311	Electric Pumping Equipment	2,288,780	(4,373)	2,284,407	2,284,407	-
18	320	Water Treatment Equipment	23,722	(23,722)	(0)	(0)	0
19	320.1	Water Treatment Plant	-	17,707	17,707	17,707	-
20	320.2	Chemical Solution Feeders	-	17,157	17,157	17,157	-
21	330	Dist. Reservoirs & Standpipe	1,130,151	(1,130,153)	(1)	(0)	1
22	330.1	Storage tanks	-	934,771	934,771	934,771	-
23	330.2	Pressure Tanks	-	194,526	194,526	194,526	-
24	331	Trans. and Dist. Mains	4,991,849	13,504	5,005,354	5,005,354	-
25	333	Services	1,064,571	1,690	1,066,262	1,066,262	-
26	334	Meters	1,256,602	135,519	1,392,121	1,392,121	-
27	335	Hydrants	395,469	31	395,500	395,500	-
28	336	Backflow Prevention Devices	-	-	-	-	-
29	339	Other Plant and Misc. Equip.	58,367	-	58,367	58,367	-
30	340	Office Furniture and Fixtures	163,523	(16,325)	147,198	147,198	-
31	340.1	Computers and Software	160,219	49,253	209,472	209,472	-
32	341	Transportation Equipment	234,219	3,826	238,045	238,045	-
33	342	Stores Equipment	-	-	-	-	-
34	343	Tools and Work Equipment	127,068	479	127,547	127,547	-
35	344	Laboratory Equipment	164	-	164	164	-
36	345	Power Operated Equipment	15,936	760	16,695	16,695	-
37	346	Communications Equipment	359,650	681	360,331	360,331	-
38	347	Miscellaneous Equipment	109,329	-	109,329	109,329	-
39	347.1	Miscellaneous Equipment - CNG F	-	7,502	7,502	7,502	-
40	348	Other Tangible Plant	116,534	-	116,534	116,534	-
41							
42							
43		TOTALS	\$ 14,303,290	\$ 55,707	\$ 14,358,997	\$ 14,359,001	\$ 4

46 SUPPORTING SCHEDULE  
47 B-2, pages 4.1  
48 B-2, pages 3.9 through 3.14

RECAP SCHEDULES:  
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 3

Exhibit  
Settlement Schedule B-2  
Page 5  
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line  
No.

1			
2			
3			
4		Gross CIAC	Accumulated Amortization
5	Computed balance at End of Test Year	\$ 1,080,442	\$ 337,990
6			
7	Adjusted balance at End of Test Year	\$ 579,988	\$ 304,864
8			
9	Increase (decrease)	\$ 500,454	\$ 33,126
10			
11			
12	Adjustment to CIAC/AA CIAC	\$ 500,454	\$ (33,126)
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		<u>RECAP SCHEDULES:</u>
20	B-2, page 5.1 to 5.4		B-2, page 2
21			
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Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Contributions-in-aid of Construction and Amortization  
 Adjustment 4

Exhibit  
 Settlement Schedule B-2  
 Page 5.1  
 Witness: Bourassa

Line No.	Description	2009		2010		2011	
		Balance 3/31/2009	Additions	Balance 12/31/2009	Additions	Balance 12/31/2010	Additions
1	CIAC	542,445	2,000	544,445	1,000	545,445	5,000
2	Details:						
3	Bella Vista	496,445					
4	Northern Sunrise	27,000					1,000
5	Southern Sunrise	19,000	2,000		1,000		4,000
6	Rate Case Adj - AIAC error						
7	Rate Case Adj - AIAC error						
8	Total	542,445	2,000		1,000	-	5,000
9	Amortization Decision	230,987					
10	Amortization Rate			2.70%		2.67%	
11	Amortization			14,683		14,564	
12	Accumulated Amortization			245,670		260,234	
13	Net CIAC	311,458	2,000	298,775	1,000	285,211	5,000
14							
15							
16							
17							
18							
19							
20							
21							
22							



Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Contributions-in-aid of Construction and Amortization  
 Adjustment 4

Exhibit  
 Settlement Schedule B-2  
 Page 5.2  
 Witness: Bourassa

Line No.	Decision Balance 3/31/2009	2009		2012		2013		2014	
		Additions	Balance 12/31/2009	Additions	Balance 12/31/2012	Additions	Balance 12/31/2013	Additions	Balance 12/31/2014
1									
2									
3									
4									
5	CIAC	542,445	2,000	544,445	8,277	558,721	2,495	561,216	519,226
6									1,080,442
7	Details:								
8	Bella Vista								
9	Northern Sunrise	496,445			8,277		2,495		519,226
10	Southern Sunrise	27,000							
11	Rate Case Adj - AIAC error	19,000	2,000						
12									
13	Rate Case Adj - AIAC error								
14	Total	542,445	2,000	-	8,277	-	2,495	-	519,226
15									
16	Amortization Decision								
17	Amortization Rate	230,987							
18	Amortization			2.70%		2.74%		2.89%	2.94%
19	Accumulated Amortization			14,683		15,294		16,194	31,713
20				245,670		290,083		306,278	337,990
21	Net CIAC	311,458	2,000	298,775	8,277	288,638	2,495	284,939	742,452
22									

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 4  
Advances-in-Aid of Construction (A/AC)

Exhibit  
Settlement Schedule B-2  
Page 6  
Witness: Bourassa

Line  
No.

1

2

3

4

Computed balance at End of Test Year

\$ 8,595,621

5

6

Adjusted balance at End of Test Year

\$ 9,114,847

7

8

Increase (decrease)

\$ (519,226)

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SUPPORTING SCHEDULES

20

B-2, page 6.1

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RECAP SCHEDULES:

B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Advances-in-Aid of Construction (AIAC)

Exhibit  
 Settlement Schedule B-2  
 Page 6.1  
 Witness: Bourassa

Line No.	Decision (1) Balance 3/31/2009	2009		2010		2011	
		Activity	Balance 12/31/2008	Activity	Balance 12/31/2009	Activity	Balance 12/31/2010
5	AIAC	242,021	7,015,662	402,270	7,417,932	916,055	8,333,987
12	Total AIAC	242,021	7,015,662	402,270	7,417,932	916,055	8,333,987

6,773,640  
 7,803  
 6,781,443

15 Per Prior Decision  
 16 AIAC  
 17 Customer Meter Deposits  
 18 Total Per Decision  
 19  
 20

Exhibit  
Settlement Schedule B-2  
Page 6.1  
Witness: Bourassa

Line No.	
1	
2	
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19	
20	

2012		2013		2014	
Activity	Balance 12/31/2011	Additions	Balance 12/31/2012	Additions	Balance 12/31/2012
				Reclass	
620,553	8,954,540	(1,516)	8,953,024	161,823	(519,226)
					8,595,621
620,553	8,954,540	(1,516)	8,953,024	161,823	(519,226)
					8,595,621

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment 5

Exhibit  
 Settlement Schedule B-2  
 Page 7.0  
 Witness: Bourassa

Line No.	Deferred Income Tax as of December 31, 2014	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset		Future Tax Liability	
							Current	Non Current	Current	Non Current
1										
2										
3										
4										
5										
6	Plan-In-Service	\$ 36,434,313 <sup>1</sup>								
7	Accum. Deprec.	(14,356,001) <sup>1</sup>								
8	CIAC	(6,759,387) <sup>3</sup>								
9	Fed. Fixed Assets	\$ 15,315,925	\$ 7,495,583 <sup>2</sup>	100.0%	\$ (7,820,342)	32.55%		-		(2,545,143)
10										
11	State Fixed Assets	\$ 15,315,925	\$ 7,360,497 <sup>2</sup>	100.0%	\$ (7,955,428)	4.900%		-		(389,816)
12										
13	Fed & State AIAC		2,986,841 <sup>4</sup>	100.0%	\$ 2,986,841 <sup>4</sup>	37.445%		\$ 1,118,427		
14										
15										
16										
17										
18	Net Asset (Liability)									
19										
20	Allocation Factor									
21										
22	Net Asset (Liability) Water Division									
23										
24	Allocated Corporate ADIT <sup>5</sup>									
25										
26	Total Asset (Liability) Water Division									
27										
28	DIT Asset (Liability) per Dired									
29										
30	Adjustment to DIT									
31										
32										
33										
34										
35										
36										
37										
38										
39										
40										
41										
42										
43										
44										
45										

Footnotes - See page 7.1

RECAP SCHEDULES:  
 B-2, page 2

Per adjusted book balances, land not included and corporate plant not included

based on 2014 Tax Depreciation report  
Adjusted Cost at December 31, 2014 per federal and state tax depr. report  
Reconciling items not on tax report:  
Land on Tax and not on included in adjusted plant balance  
PPY Plant as revised

Net Unadjusted Cost tax Basis at December 31, 2012

**Reductions**  
**Accumulated Depreciation**

PTY Plant

Net Reductions through December 31, 2012

<sup>3</sup> CIAC (Including impact of change to probability of realization)

Gross CIAC per adjusted book balances  
CIAC reductions/additions  
A.A per adjusted book balances

Net CIAC before unrealized AIAC

### Unrealized AIAC Component

Adjusted Net AIAC (see footnote 5 below)

Unrealized AIAC Component % (1-Realized AIAC Component)

Total realizable CIAC

**AIAAC (Including impact of change in probability of realization)**

AIAC per adjusted book balances  
ess: Unrealized AIAC (from Note 3, above)

**Subtotal**

**Meter and Service Line Installation Charges per adjusted book balances**

**See work papers**

FEDERAL		STATE	
\$ 18,087,384		\$ 22,412,040	
		-	
		-	
1,076,481		1,076,481	
		-	
		-	
		-	
		-	
	\$ 19,143,875		\$ 23,488,531
\$ (11,824,715)		\$ (18,104,457)	
		(23,576)	
		-	
		-	
	(11,648,281)		(16,128,034)
	\$ 7,495,583		\$ 7,360,497

**\$ 1,080,442**

\$ (337,990)

(337,990)

8.595.621

70.0%

**\$ 8,016,934**

\$ 6,759,387

\$ 8,595,621

**\$ (6,016,934)**

• • • • •

2,578,686  
408,155

406,133  
**\$ 2,986,841**

Exhibit  
Settlement Schedule B-5  
Page 1  
Witness: Bourassa

<sup>1</sup>At proposed rates.

**RECAP SCHEDULES:**  
B-2, page 2

**Liberty Utilities (Bella Vista Water) Corp.**  
**Test Year Ended December 31, 2014**  
**Income Statement**

Exhibit  
Settlement Schedule C-1  
Page 1  
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Settlement Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Metered Water Revenues	\$ 4,530,252	\$ (14,388)	\$ 4,515,864	\$ 958,954	\$ 5,474,818
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	94,478	-	94,478	-	94,478
5		<u>\$ 4,624,730</u>	<u>\$ (14,388)</u>	<u>\$ 4,610,342</u>	<u>\$ 958,954</u>	<u>\$ 5,569,296</u>
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	3,021	-	3,021	-	3,021
9	Purchased Power	534,813	(3,123)	531,690	-	531,690
10	Chemicals	16,800	(162)	16,637	-	16,637
11	Fuel for Power Production	-	-	-	-	-
12	Repairs and Maintenance	-	-	-	-	-
13	Office Supplies and Expense	39,640	-	39,640	-	39,640
14	Outside Services	-	-	-	-	-
15	Contractual Services - Professional	1,209,810	(188,610)	1,021,201	-	1,021,201
16	Contractual Services - Testing	89,695	(39,345)	50,350	-	50,350
17	Contractual Services - Other	673,384	114,218	787,602	-	787,602
18	Water Testing	-	-	-	-	-
19	Rents	6,162	-	6,162	-	6,162
20	Transportation	105,295	-	105,295	-	105,295
21	Insurance	45,568	-	45,568	-	45,568
22	Regulatory Commission Expense	52,111	-	52,111	-	52,111
23	Materials and Supplies	63,090	-	63,090	-	63,090
24	Miscellaneous	152,340	(2,100)	150,240	-	150,240
25	Depreciation	1,175,263	(3,811)	1,171,452	-	1,171,452
26	Taxes Other Than Income	-	-	-	-	-
27	Property Taxes	148,997	(1,051)	147,946	10,626	158,572
28	Income Tax	55,166	58,312	113,478	355,103	468,581
29		-	-	-	-	-
30	<b>Total Operating Expenses</b>	<u>\$ 4,371,156</u>	<u>\$ (65,673)</u>	<u>\$ 4,305,484</u>	<u>\$ 365,729</u>	<u>\$ 4,671,213</u>
31	<b>Operating Income</b>	<u>\$ 253,574</u>	<u>\$ 51,285</u>	<u>\$ 304,858</u>	<u>\$ 593,225</u>	<u>\$ 898,084</u>
32	<b>Other Income (Expense)</b>					
33	Interest and Dividend Income	-	-	-	-	-
34	AFUDC Income	57,346	-	57,346	-	57,346
35	Miscellaneous Non-Utility Expenses	(849)	-	(849)	-	(849)
36	Interest Expense	(137,466)	29,277	(108,189)	-	(108,189)
37		-	-	-	-	-
38	<b>Total Other Income (Expense)</b>	<u>\$ (80,969)</u>	<u>\$ 29,277</u>	<u>\$ (51,692)</u>	<u>\$ -</u>	<u>\$ (51,692)</u>
39	<b>Net Profit (Loss)</b>	<u>\$ 172,604</u>	<u>\$ 80,562</u>	<u>\$ 253,166</u>	<u>\$ 593,225</u>	<u>\$ 846,391</u>

SUPPORTING SCHEDULES:

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RECAP SCHEDULES:  
A-1



Liberty Utilities (Bella Vista Water) Corp.  
dba Liberty Utilities  
Test Year Ended December 31, 2014  
Income Statement

Exhibit  
Settlement Schedule C-1  
Page 2.1  
Witness: Bourassa

Line No.	1	2	3	4	5	6	7	8
LABEL>>>>>	Test Year Adjusted Results	Property Taxes	Rate Case Expense	Usage Normalization	Expense Reclass	Water Testing	Reclass Contractual Services	Corporate Cost Adj. Not-Labor
1	Revenues							
2	Metered Water Revenues							
3	Unmetered Water Revenues							
4	Other Water Revenues							
5								
6	Operating Expenses							
7	Salaries and Wages							
8	Purchased Water							
9	Purchased Power							
10	Chemicals							
11	Fuel for Power Production							
12	Repairs and Maintenance							
13	Office Supplies and Expense							
14	Outside Services							
15	Contractual Services - Professional							
16	Contractual Services - Testing							
17	Contractual Services - Other							
18	Water Testing							
19	Rents							
20	Transportation							
21	Insurance							
22	Regulatory Commission Expense							
23	Materials and Supplies							
24	Miscellaneous							
25	Depreciation							
26	Taxes Other Than Income							
27	Property Taxes							
28	Income Tax							
29								
30	Total Operating Expenses							
31	Operating Income							
32	Other Income (Expense)							
33	Interest and Dividend Income							
34	AFUDC Income							
35	Miscellaneous Non-Utility Expenses							
36	Interest Expense							
37								
38	Total Other Income (Expense)							
39	Net Profit (Loss)							
40								
41								
42								
43								

SUPPORTING SCHEDULES:  
C-2

Liberty Utilities (Bella Vista Water) Corp.  
dba Liberty Utilities  
Test Year Ended December 31, 2014  
Income Statement

Exhibit  
Settlement Schedule C-1  
Page 2.2  
Witness: Bourassa

Line No.	Revenues	Corporate Cost Adj. Labor	Corporate Cost Adj. Labor Inc	Restated Capitalized Labor	Postage	Incentives & Rents	Intentionally Left Blank	Interest Synch.	Income Taxes	Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1												
2	Metered Water Revenues											
3	Unmetered Water Revenues											
4	Other Water Revenues											
5												
6	Operating Expenses											
7	Salaries and Wages											
8	Purchased Water											
9	Purchased Power											
10	Chemicals											
11	Fuel for Power Production											
12	Repairs and Maintenance											
13	Office Supplies and Expense											
14	Outside Services											
15	Contractual Services - Professional											
16	Contractual Services - Testing											
17	Contractual Services - Other											
18	Water Testing											
19	Rents											
20	Transportation											
21	Insurance											
22	Regulatory Commission Expense											
23	Materials and Supplies											
24	Miscellaneous											
25	Depreciation											
26	Taxes Other Than Income											
27	Property Taxes											
28	Income Tax											
29												
30	Total Operating Expenses											
31	Operating Income											
32	Other Income (Expense)											
33	Interest and Dividend Income											
34	AFUDC Income											
35	Miscellaneous Non-Utility Expenses											
36	Interest Expense											
37												
38	Total Other Income (Expense)											
39	Net Profit (Loss)											
40												
41												
42												
43												

RECAP SCHEDULES:  
C-1, page 1

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustments to Revenues and Expenses

Exhibit  
Settlement Schedule C-2  
Page 1  
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Subtotal</u>
	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Rate Case Expense</u>	<u>Usage Normalization</u>	<u>Expense Reclass</u>	<u>Water Testing</u>	
1 Revenues	-	-	-	(14,388)	-	-	(14,388)
2 Expenses	(3,811)	(1,051)	-	(3,285)	-	(45,190)	(53,338)
3 Operating Income	3,811	1,051	-	(11,103)	-	45,190	38,950
4 Interest Expense							-
5 Other Income / Expense							-
6 Net Income	3,811	1,051	-	(11,103)	-	45,190	38,950
	<u>Adjustments to Revenues and Expenses</u>						
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Subtotal</u>
	<u>Reclass Contractual Services</u>	<u>Corporate Cost Adj. Non-Labor</u>	<u>Corporate Cost Adj. Labor</u>	<u>Corporate Cost Adj. Labor Inc</u>	<u>Restated Capitalized Labor</u>	<u>Intentionally Left Blank</u>	
1 Revenues	-	-	-	-	-	-	(14,388)
2 Expenses	-	37,307	(71,704)	(4,367)	(6,693)	(2,341)	(101,135)
3 Operating Income	-	(37,307)	71,704	4,367	6,693	2,341	86,747
4 Interest Expense	-						-
5 Other Income / Expense							-
6 Net Income	-	(37,307)	71,704	4,367	6,693	2,341	86,747
	<u>Adjustments to Revenues and Expenses</u>						
	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>			<u>Total</u>
	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Interest Synch.</u>	<u>Income Taxes</u>			
1 Revenues	-	-	-	-			(14,388)
2 Expenses	(22,849)	-	-	58,312			(65,673)
3 Operating Income	22,849	-	-	(58,312)	-	-	51,285
4 Interest Expense			29,277				29,277
5 Other Income / Expense							-
6 Net Income	22,849	-	29,277	(58,312)	-	-	80,562

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustments to Revenues and Expenses  
Adjustment Number 1

Exhibit  
Settlement Schedule C-2  
Page 2  
Witness: Bourassa

Depreciation Expense

Line	Acct.		Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Depreciable Original Cost	Proposed Rates	Depreciation Expense
1	No. 101	Plant-in-Service	-	-	-	0.00%	-
2	301	Organization Cost	-	-	-	0.00%	-
2	302	Franchise Cost	98,989	(98,989)	-	0.00%	-
3	303	Land and Land Rights	688,011	(688,011)	-	0.00%	-
4	304	Structures and Improvements	3,987,850	-	3,987,850	3.33%	132,795
5	305	Collecting and Impounding Res.	46,813	-	46,813	2.50%	1,170
6	306	Lake River and Other Intakes	-	-	-	2.50%	-
7	307	Wells and Springs	1,672,881	-	1,672,881	3.33%	55,707
8	308	Infiltration Galleries and Tunnels	-	-	-	6.67%	-
9	309	Supply Mains	434,230	-	434,230	2.00%	8,685
10	310	Power Generation Equipment	214,572	-	214,572	5.00%	10,729
11	311	Electric Pumping Equipment	3,261,426	(2,044,359)	1,217,068	12.50%	152,133
12	320	Water Treatment Equipment	0	-	0	3.33%	0
13	320.1	Water Treatment Plant	63,317	-	63,317	3.33%	2,108
14	320.2	Chemical Solution Feeders	55,450	-	55,450	20.00%	11,090
15	330	Dist. Reservoirs & Standpipe	0	-	0	2.22%	0
16	330.1	Storage tanks	2,706,220	-	2,706,220	2.22%	60,078
17	330.2	Pressure Tanks	461,546	-	461,546	5.00%	23,077
18	331	Trans. and Dist. Mains	14,815,503	-	14,815,503	2.00%	296,310
19	333	Services	2,223,699	-	2,223,699	3.33%	74,049
20	334	Meters	1,899,055	(1,307,033)	592,022	8.33%	49,315
21	335	Hydrants	1,152,335	-	1,152,335	2.00%	23,047
22	336	Backflow Prevention Devices	-	-	-	6.67%	-
23	339	Other Plant and Misc. Equip.	189,235	-	189,235	6.67%	12,622
24	340	Office Furniture and Fixtures	165,073	(144,107)	20,967	6.67%	1,398
25	340.1	Computers and Software	281,527	(159,658)	121,869	20.00%	24,374
26	341	Transportation Equipment	557,771	(174,114)	383,657	20.00%	76,731
27	342	Stores Equipment	-	-	-	4.00%	-
28	343	Tools and Work Equipment	320,178	(107,417)	212,762	5.00%	10,638
29	344	Laboratory Equipment	3,285	-	3,285	10.00%	329
30	345	Power Operated Equipment	101,287	-	101,287	5.00%	5,064
31	346	Communications Equipment	895,829	-	895,829	10.00%	89,583
32	347	Miscellaneous Equipment	220,280	(101,418)	118,862	10.00%	11,886
33	347.1	Miscellaneous Equipment - CNG Plant	450,582	-	450,582	3.33%	15,004
34	348	Other Tangible Plant	155,378	-	155,378	10.00%	15,538
35		SUBTOTAL	\$ 37,122,324	\$ (4,825,105)	\$ 32,297,218		\$ 1,163,462
36							
37							
38	903	Land and Land Rights	20,284	(20,284)	-	0.00%	-
39	904	Structures and Improvements	220,266	-	220,266	2.56%	5,639
40	940	Office Furniture and Fixtures	30,770	-	30,770	6.67%	2,052
41	940.1	Computers and Software	196,098	-	196,098	20.00%	39,220
42		TOTALS	\$ 37,589,741	\$ (4,845,389)	\$ 32,744,352		\$ 1,210,373
43							
44							
45		Less: Amortization of Contributions			Gross \$ 1,080,442	Amort. Rate 3.6024%	\$ (38,921)
46							
47							
48							
49		Total Depreciation Expense					\$ (38,921)
50							\$ 1,171,452
51		Adjusted Test Year Depreciation Expense					1,175,263
52							
53		Increase (decrease) in Depreciation Expense					(3,811)
54							
55		Adjustment to Revenues and/or Expenses					\$ (3,811)
56							
57		<u>SUPPORTING SCHEDULE</u>					
58		B-2, page 3					

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 2

Exhibit  
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Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 4,610,342	\$ 4,610,342
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	9,220,684	9,220,684
4	Company Recommended Revenue	4,610,342	5,569,296
5	Subtotal (Line 4 + Line 5)	13,831,026	14,789,980
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	4,610,342	4,929,993
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	9,220,684	9,859,987
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	319,726	319,726
12	Full Cash Value (Line 9 + Line 10 - Line 11)	8,900,958	9,540,261
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	1,602,172	1,717,247
15	Composite Property Tax Rate - Obtained from ADOR	9.2341%	9.2341%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 147,946	\$ 158,572
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 147,946	-
19	Test Year Property Taxes	\$ 148,997	-
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (1,051)	-
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 158,572
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 147,946
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 10,626
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 10,626
27	Increase in Revenue Requirement		\$ 958,954
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.10809%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Settlement Schedule C-2  
Page 4  
Witness: Bourassa

Rate Case Expense

Line

No.

1

2

3 Estimated Rate Case Expense

\$ 260,557

4

5 Estimated Amortization Period in Years

5

6

7 Annual Rate Case Expense

\$ 52,111

8

9 Test Year Rate Case Expense

\$ 52,111

10

11 Increase(decrease) Rate Case Expense

\$ -

12

13 Adjustment to Revenue and/or Expense

\$ -

14

15

16 Reference

17 Testimony

18

19

20

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 4

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Usage Normalization

Line  
No.

1	Usage Normalization Adjustment per Settlement	\$	(106,885)
2	Usage Normalization Adjustment per Direct		(92,497)
3	Increase (decrease) in Revenues	\$	<u>(14,388)</u>
4			
5	TY Purchased Power Expense	\$	556,214
6	Gallons Sold During Test Year (in 1,000s)		1,025,278
7	Cost per 1,000 gallons	\$	0.5425
8			
9	Additional Gallons Sold from Usage Normalization (in 1,000s) per Settlement		(49,999)
10	Additional Gallons Sold from Usage Normalization (in 1,000s) per Direct		<u>(44,242)</u>
11	Increase (decrease) in Gallons Sold		(5,757)
12			
13			
14	Increase (decrease) in Purchased Power	\$	<u>(3,123)</u>
15			
16	TY Chemicals Expense	\$	17,963
17	Gallons Sold During Test Year (in 1,000s)		636,008
18	Cost per 1,000 gallons	\$	0.0282
19			
20	Increase (decrease) in Gallons Sold from Usage Normalization (in 1,000s)		(5,757)
21			
22	Increase (decrease) in Chemicals Expense	\$	<u>(162)</u>
23			
24			
25	Adjustment to Revenue and/or Expense	\$	<u>(11,103)</u>
26			
27	<u>Reference</u>		
28	Testimony		
29	Work papers		
30			

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 5

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Reclassify Expense

Line

No.

1 Contractual Services - Testing

\$ 5,845

2 Contractual Services - Other

241

3 Miscellaneous Expense

(6,086)

4

5 Increase (decrease) in Expense

\$ -

6

7 Adjustment to Revenue and/or Expense

\$ -

8

9 Reference

10 Testimony

11 Work papers

12

13

14

15

16

17

18

19

20



Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 6

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Water Testing

Line

No.

1	Water Testing Expense per Staff	\$	50,350
2	Adjusted TY Water Testing Expense plus Expense Reclass (Rb. Adj. 5)	\$	95,540
3			
4			
5			
6	Adjustment to Water Testing Expense	<u>\$</u>	<u>(45,190)</u>
7			
8			
9	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>(45,190)</u>
10			
11	<u>Reference</u>		
12	Testimony		
13	H-1		
14	Work Papers		
15			
16			
17			
18			
19			
20			

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 7

Exhibit  
Settlement Schedule C-2  
Page 8  
Witness: Bourassa

Reclassify Contractual Services - Labor

Line  
No.

1	Contractual Services - Professional (labor)	\$ (120,421)
2	Contractual Services - Other (labor)	\$ 120,421
3		
4		
5		
6	Adjustment to Expenses	<u>\$ -</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>\$ -</u>
10		
11	<u>Reference</u>	
12	Testimony	
13	Work Papers	
14		
15		
16		
17		
18		
19		
20		

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 8

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Corporate Cost Adjustment - Non-Labor

Line

No.

1 Corporate Allocation Adjustment

2

3 Adjusted Allocated Non-Labor Costs per Settlement

\$ 429,139

4 Adjusted Allocated Non-Labor Costs per Direct

391,832

5

6 Adjustment to Contractual Services Professional

\$ 37,307

7

8

9 Adjustment to Revenue and/or Expense

\$ 37,307

10

11 Reference

12 Testimony

13 Work Papers

14

15

16

17

18

19

20

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 9

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Contractual Services - Labor

Line  
No.

1	<u>Allocated Contract Services - Professional (Labor)</u>	
2		
3	Adjusted Allocated Contractual Services APUC, LUCC and LABS per Settlement	\$ 74,082
4	Adjusted Allocated Contractual Services LU(SUB) per Settlement	480,852
3	Adjusted Allocated Contractual Services - Professional (labor) per Settlement	\$ 554,934
4	Adjusted Allocated Contractual Services - Professional (labor) per Direct	747,059
5	Required Adjustment	\$ (192,125)
6	Amount reclassified to Contractual Services - Other (see Rj. Adj. #7)	(120,421)
7	Net Adjustment to Contractual Services Professional	<u>\$ (71,704)</u>
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Adjustment to Revenue and/or Expense	<u>\$ (71,704)</u>
21		
22	<u>Reference</u>	
23	Testimony	
24	Work Papers	
25		

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2001  
Adjustment to Revenues and Expenses  
Adjustment Number 10

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Corporate Cost Adjustment - Labor

Line  
No.

1		
2	<u>Allocated Contract Services - Professional (Labor)</u>	
3	Adjusted Allocated Labor Costs per Settlement	\$ 554,934
4	Factor (1)	6.09%
5	Increase in Labor Costs per Settlement	\$ 33,795
6	Increase in Labor Cost Per Direct	45,496
7	Adjustment to Contractual Services - Professional	<u>\$ (11,700)</u>
8		
9	<u>Allocated Contract Services - Other (Labor)</u>	
10	Adjusted Allocated Labor Costs per Settlement	\$ 701,112
11	Factor (1)	6.09%
12	Increase in Labor Costs per Settlement	\$ 42,698
13	Increase in Labor Costs per Direct	35,364
14	Adjustment to Contractual Services - Other	<u>\$ 7,334</u>
15		
16		
17		
18		
19	Adjustment to Revenue and/or Expense	<u>\$ (4,367)</u>
20		
21	<u>Reference</u>	
22	Testimony	
23	Work papers	

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2001  
Adjustment to Revenues and Expenses  
Adjustment Number 11

Exhibit  
Settlement Schedule C-2  
Page 12  
Witness: Bourassa

Capitalized Expense

Line

No.

1

2 Arizona Direct Labor to be Capitalized

\$ 56,054

3

4 Updated Allocation Factor

11.94%

5

6 Allocated Capitalized Expense

\$ 6,693

7

8 Increase (decrease) in Contractual Services - Professional

\$ (6,693)

9

10

11 Adjustment to Revenue and/or Expense

\$ (6,693)

12

13

14

15

16 Reference

17 Testimony

18 Work papers

19

20

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 12

Exhibit  
Settlement Schedule C-2  
Page 13  
Witness: Bourassa

Postage

Line  
No.

1		
2	Number of Water Bills in the Test Year Including Annualized Bills	117,065
3		
4	US Postal Decrease in Postage	\$ (0.02)
5		
6	Total Adjustment to Postage Due to Postage Price Decrease	\$ (2,341)
7		
8	Allocation factor	100.00%
9		
10	Increase (decrease) in Miscellaneous Expense	\$ (2,341)
11		
12	Adjustment to Revenue and/or Expense	\$ (2,341)
13		
14		
15		
16		
17		
18		
19		
20		

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 13

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Incentive Pay, Rents, and Other

Line  
No.

	<u>RR - Water</u>	<u>RR-Sewer</u>	<u>Bella Vista</u>
1			
2 <u>Corporate</u>			
3 Contractual Services - Professional Adjustment	\$ (10,550)	\$ (3,224)	\$ (15,399)
4			
5 <u>Liberty Utilities Sub Corp.</u>			
6 Contractual Services - Other Adjustment	\$ (5,104)	\$ (1,560)	\$ (7,451)
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18 <u>Reference</u>			
19 Work papers			
20			



Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 14

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Settlement Schedule C-2  
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Witness: Bourassa

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Exhibit  
Settlement Schedule C-2  
Page 16  
Witness: Bourassa

Line  
No.

15  
16  
17 Weighted Cost of Debt Computation

18				
19				Weighted
20	Debt	<u>Percent</u>	<u>Cost</u>	<u>Cost</u>
21	Equity	30.00%	3.10%	0.93%
22	Total	<u>70.00%</u>	<u>9.70%</u>	<u>6.79%</u>
		100.00%		7.72%

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Adjustment to Revenues and/or Expenses  
Adjustment Number 16

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

Line  
No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

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13 SUPPORTING SCHEDULE

14 C-3, page 2

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	Test Year at Present Rates	Test Year at Proposed Rates
	\$ 113,478	\$ 468,581
		113,478
	\$ 113,478	\$ 355,103

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Computation of Gross Revenue Conversion Factor

Exhibit  
Settlement Schedule C-3  
Page 1  
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	37.445%
2		
3	Property Taxes	0.693%
4		
5		
6	Total Tax Percentage	38.138%
7		
8	Operating Income % = 100% - Tax Percentage	61.862%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.6165
15		
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25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue		100.0000%				
2	Uncollectible Factor (Line 11)		0.0000%				
3	Revenues (L1 - L2)		100.0000%				
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)		38.1383%				
5	Subtotal (L3 - L4)		61.8617%				
6	Revenue Conversion Factor (L1 / L5)		1.618510				
<u>Calculation of Uncollectible Factor:</u>							
7	Unity		100.0000%				
8	Combined Federal and State Tax Rate (L17)		37.4452%				
9	One Minus Combined Income Tax Rate (L7 - L8)		62.5548%				
10	Uncollectible Rate		0.0000%				
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)		100.0000%				
13	Arizona State Income Tax Rate		4.9000%				
14	Federal Taxable Income (L12 - L13)		95.1000%				
15	Applicable Federal Income Tax Rate (L55 Col F)		34.2220%				
16	Effective Federal Income Tax Rate (L14 x L15)		32.5452%				
17	Combined Federal and State Income Tax Rate (L13 + L16)		37.4452%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity		100.0000%				
19	Combined Federal and State Income Tax Rate (L17)		37.4452%				
20	One Minus Combined Income Tax Rate (L18-L19)		62.5548%				
21	Property Tax Factor		1.1061%				
22	Effective Property Tax Factor (L20*L21)		0.6932%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)		38.1383%				
24	Required Operating Income	\$	868,084				
25	Adjusted Test Year Operating Income (Loss)	\$	304,858				
26	Required Increase in Operating Income (L24 - L25)			\$	563,226		
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	468,581				
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	113,478				
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)			\$	355,103		
30	Recommended Revenue Requirement	\$	5,569,296				
31	Uncollectible Rate (Line 10)	\$	0.0000%				
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$	-				
33	Adjusted Test Year Uncollectible Expense	\$	-				
34	Required Increase in Revenue to Provide for Uncollectible Exp.			\$	-		
35	Property Tax with Recommended Revenue	\$	156,572				
36	Property Tax on Test Year Revenue	\$	147,946				
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)			\$	10,626		
38	Total Required Increase in Revenue (L26 + L29 + L37)			\$	958,954		

	(A)	(B)	(C)	(D)	(E)	(F)
	Test Year			Company Recommendation		
	Total		Water	Total		Water
39 Revenue	\$ 4,610,342		\$ 4,610,342	\$ 5,569,296		\$ 5,569,296
40 Operating Expenses Excluding Income Taxes	4,192,006		4,192,006	4,202,632		4,202,632
41 Synchronized Interest (L47)	106,189		106,189	106,189		106,189
42 Arizona Taxable Income (L39 - L40 - L41)	\$ 310,147		\$ 310,147	\$ 1,258,478		\$ 1,258,478
43 Arizona State Effective Income Tax Rate (see work papers)	4.9000%		4.9000%	4.9000%		4.9000%
44 Arizona Income Tax (L42 x L43)	\$ 15,197		\$ 15,197	\$ 61,665		\$ 61,665
45 Federal Taxable Income (L42- L44)	\$ 294,950		\$ 294,950	\$ 1,196,811		\$ 1,196,810
46						
47 Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	7,500		7,500	7,500		7,500
48 Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	6,250		6,250	6,250		6,250
49 Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	8,500		8,500	8,500		8,500
50 Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	76,031		76,031	91,650		91,650
51 Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	-		-	293,016		293,015
52						
53 Total Federal Income Tax	\$ 98,281		\$ 98,281	\$ 406,916		\$ 406,915
54 Combined Federal and State Income Tax (L35 + L42)	\$ 113,478		\$ 113,478	\$ 468,581		\$ 468,581
55 COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]				34.2220%		
56 WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]					0.0000%	
57 WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]						34.2220%

Calculation of Interest Synchronization:  
Rate Base  
Weighted Average Cost of Debt  
Synchronized Interest (L59 X L60)

	Water
	\$ 11,633,206
	0.9300%
	\$ 108,189

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Summary of Cost of Capital

Exhibit  
Settlement Schedule D-1  
Page 1  
Witness: Bourassa

Projected Capital Structure

Line		Percent	Cost	Weighted
No.	<u>Item of Capital</u>	<u>Total</u>	<u>Rate</u>	<u>Cost</u>
1	Long-Term Debt	30.00%	3.10%	0.93%
2				
3	Stockholder's Equity	70.00%	9.70%	6.79%
4				
5	Totals	100.00%		7.72%
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22	<u>SUPPORTING SCHEDULES:</u>			
23	D-1			
24	Testimony			
25				
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Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
Page 1  
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8X3/4 Inch	Residential	\$ 2,723,332	\$ 3,254,277	\$ 530,945	19.50%	59.07%	58.43%
2	3/4 Inch	Residential	28,247	44,179	15,931	56.40%	0.61%	0.79%
3	1 Inch	Residential	4,815	6,024	1,209	25.12%	0.10%	0.11%
4								
5		Subtotal	2,756,394	3,304,480	548,086	19.88%	59.79%	59.33%
6								
7	5/8X3/4 Inch	Commercial	\$ 122,357	\$ 149,086	\$ 26,729	21.84%	2.65%	2.68%
8	3/4 Inch	Commercial	1,347	1,561	214	15.85%	0.03%	0.03%
9	1 Inch	Commercial	121,081	151,922	30,841	25.47%	2.63%	2.73%
10	1 1/2 Inch	Commercial	195,802	246,618	50,816	25.95%	4.25%	4.43%
11	2 Inch	Commercial	1,020,829	1,259,696	238,867	23.40%	22.14%	22.62%
12	3 Inch	Commercial	186,072	229,472	43,400	23.32%	4.04%	4.12%
13	4 Inch	Commercial	77,948	96,881	18,933	24.29%	1.69%	1.74%
14	6 Inch	Commercial	11,067	12,790	1,723	15.57%	0.24%	0.23%
15	8 Inch	Commercial	14,704	16,605	1,901	12.93%	0.32%	0.30%
16		Subtotal	\$ 1,751,208	\$ 2,164,631	\$ 413,422	23.61%	37.98%	36.87%
17								
18	3 Inch	Hydrant	46,250	54,208	7,958	17.21%	1.00%	0.97%
19		Fire Lines 4 Inch	16,100	16,100	-	0.00%	0.35%	0.29%
20		Fire Lines 6 Inch	6,315	6,315	-	0.00%	0.14%	0.11%
21		Fire Lines 8 Inch	2,940	2,940	-	0.00%	0.06%	0.05%
22		Total Revenues Before Annualization	\$ 4,579,207	\$ 5,548,673	\$ 969,466	21.17%	99.32%	99.63%
23								
24								
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Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1

Page 2

Witness: Bourassa

		Revenue Annualization						
Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)
1	5/8X3/4 Inch	Residential	\$ 11,467	\$ 13,555	2,088	18.21%	476	2,613
2	3/4 Inch	Residential	1,263	1,987	724	57.37%	61	232
3	1 Inch	Residential	520	645	125	24.02%	9	89
4								
5		Subtotal	\$ 13,250	\$ 16,187	2,937	22.17%	546	2,934
6								
7	5/8X3/4 Inch	Commercial	\$ 1,966	\$ 2,379	413	21.02%	67	404
8	3/4 Inch	Commercial	-	-	-	0.00%	-	-
9	1 Inch	Commercial	1,923	2,401	478	24.83%	29	388
10	1 1/2 Inch	Commercial	(2,943)	(3,685)	(742)	0.00%	(20)	(665)
11	2 Inch	Commercial	20,548	25,195	4,647	22.61%	-	-
12	3 Inch	Commercial	6,993	8,580	1,587	22.70%	12	1,733
13	4 Inch	Commercial	-	-	-	0.00%	-	-
14	6 Inch	Commercial	-	-	-	0.00%	-	-
15	8 Inch	Commercial	-	-	-	0.00%	-	-
16		Subtotal	\$ 28,487	\$ 34,869	6,382	22.40%	88	1,860
17								
18								
19	Fire Lines 4 Inch		(140)	(140)	-	0.00%	(14)	-
20	Fire Lines 6 Inch		(195)	(195)	-	0.00%	(13)	-
21	Fire Lines 8 Inch		-	-	-	0.00%	-	-
22								
23	Total Revenue Annualization		\$ 41,402	\$ 50,721	\$ 9,319	22.51%	607	4,794
24								
25								
26								
27								
28								
29								
30								



Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit

Settlement Schedule H-1

Page 3

Witness: Bourassa

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	\$ 4,579,207	\$ 5,548,673	\$ 969,466	21.17%	99.32%	99.63%
2	41,402	50,721	9,319	22.51%	0.90%	0.91%
3	(106,885)	(123,974)	(17,089)	15.99%	-2.32%	-2.23%
4	\$ 4,513,725	\$ 5,475,420	\$ 961,696	21.31%	97.90%	98.31%
5						
6	\$ 94,478	\$ 94,478	-	0.00%	2.05%	1.70%
7	2,139	(603)	(2,742)	-128.19%	0.05%	-0.01%
8	\$ 4,610,342	\$ 5,569,295	\$ 958,954	20.80%	100.00%	100.00%
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Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Customer Summary

Exhibit  
 Settlement Schedule H-2  
 Page 1  
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Average Bill		Proposed Increase	
			Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	8,653	\$ 5,914	\$ 29.68	4.65	18.59%
2	3/4 Inch Residential	109	3,820	20.54	11.82	57.57%
3	1 Inch Residential	6	11,794	61.98	15.08	24.33%
4						
5	Subtotal	8,769				
6						
7	5/8X3/4 Inch Commercial	335	6,082	29.50	6.22	21.08%
8	3/4 Inch Commercial	6	1,639	18.62	2.92	15.69%
9	1 Inch Commercial	149	13,193	65.78	16.30	24.77%
10	1 1/2 Inch Commercial	108	32,885	146.19	36.81	25.18%
11	2 Inch Commercial	289	68,942	284.57	64.27	22.59%
12	3 Inch Commercial	26	143,395	580.06	131.42	22.66%
13	4 Inch Commercial	6	285,797	1,071.79	257.86	24.06%
14	6 Inch Commercial	1	77,959	922.29	143.58	15.57%
15	8 Inch Commercial	1	11,459	1,225.32	158.41	12.93%
16	Subtotal	921				
17						
18	3 Inch Hydrant	7	102,817	519.66	89.41	17.21%
19	Fire Lines 4 Inch	134	-	10.00	-	0.00%
20	Fire Lines 6 Inch	35	-	15.00	-	0.00%
21	Fire Lines 8 Inch	7	0	35.00	0	0.00%
22	Total	9,872.83				

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Customer Summary

Exhibit  
 Settlement Schedule H-2  
 Page 2  
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 inch Residential	8,653	4,500	\$ 21.91	\$ 25.67	3.76	17.18%
2	3/4 inch Residential	109	2,500	18.63	29.93	11.31	60.72%
3	1 inch Residential	6	5,500	47.16	57.84	10.69	22.67%
4							
5	Subtotal	8,769					
6							
7	5/8X3/4 inch Commercial	335	2,500	\$ 20.53	\$ 23.99	3.46	16.88%
8	3/4 inch Commercial	6	1,500	18.32	21.15	2.83	15.48%
9	1 inch Commercial	149	6,500	49.37	60.68	11.32	22.93%
10	1 1/2 inch Commercial	108	20,500	115.31	142.66	27.36	23.73%
11	2 inch Commercial	289	27,500	180.78	213.21	32.43	17.94%
12	3 inch Commercial	26	111,786	494.08	598.01	103.93	21.04%
13	4 inch Commercial	6	218,670	889.20	1,088.69	199.49	22.43%
14	6 inch Commercial	1	71,500	908.02	1,047.53	139.52	15.37%
15	8 inch Commercial	1	4,000	1,208.84	1,362.56	153.72	12.72%
16	Subtotal	921					
17							
18	Hydrant	7	28,500	317.52	342.30	24.78	7.81%
19	Fire Lines 4 inch	134	-	\$ 10.00	\$ 10.00	-	0.00%
20	Fire Lines 6 inch	35	-	\$ 15.00	\$ 15.00	-	0.00%
21	Fire Lines 8 inch	7	0	35.00	35.00	0	0.00%
22	Total	9,873					
23							

(a) Average number of customers of less than one (\*), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Present and Proposed Rates

Exhibit  
Settlement Schedule H-3  
Page 1  
Witness: Bourassa

Line No.	Monthly Usage Charge for: Meter Size (All Classes):	Present Rates <sup>1</sup>	Proposed Rates <sup>1</sup>	Change	Percent Change
1	5/8 Inch	\$ 15.00	\$ 16.89	\$ 1.89	12.60%
2	3/4 Inch	15.00	25.34	10.34	68.90%
3	1 Inch	35.00	42.23	7.23	20.64%
4	1 1/2 Inch	70.00	84.45	14.45	20.64%
5	2 Inch	120.00	135.12	15.12	12.60%
6	3 Inch	240.00	270.24	30.24	12.60%
7	4 Inch	375.00	422.25	47.25	12.60%
8	6 Inch	750.00	844.50	94.50	12.60%
9	8 Inch	1,200.00	1,351.20	151.20	12.60%
10	10 Inch	NT	1,942.35		
11	12 Inch	NT	3,631.35		

Low Income Tariff - A 15% discount is available to qualified residential customers meeting the low income qualifications.

Fire Lines 8 Inch (R-14-2-408.B)

Fire Lines 10 Inch (R-14-2-408.B)

Fire Lines 12 Inch (R-14-2-408.B)

\* Note 1: 2% of the equivalent monthly meter size or \$10 whichever is greater for all meter sizes.

Gallons in Minimum (All Classes)

Commodity rates - see pages 2 and 3.

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

NT = No Tariff

Liberty Utilities (Beila Vista Water) Corp.  
Test Year Ended December 31, 2014  
Present and Proposed Rates

Exhibit  
Settlement Schedule H-3  
Page 2  
Witness: Bourassa

Line No.	Commodity Rates	Block	Present Rates <sup>1</sup>	Proposed Rates <sup>1</sup>
1				
2	Commodity Rates			
3	[All Classes]			
4	5/8x3/4 inch Residential	0 gallons to 4,000 gallons	\$ 1.45	\$ 1.84
5		4,000 gallons to 10,000 gallons	\$ 2.21	\$ 2.84
6		over 10,000 gallons	\$ 2.72	\$ 3.59
7				
8	5/8x3/4 inch Commercial	0 gallons to 4,000 gallons	\$ 2.21	\$ 2.84
9		over 4,000 gallons	\$ 2.72	\$ 3.59
10				
11	3/4 inch Residential	0 gallons to 4,000 gallons	\$ 1.45	\$ 1.84
12		4,000 gallons to 10,000 gallons	\$ 2.21	\$ 2.84
13		over 10,000 gallons	\$ 2.72	\$ 3.59
14				
15	3/4 inch Commercial	0 gallons to 4,000 gallons	\$ 2.21	\$ 2.84
16		over 4,000 gallons	\$ 2.72	\$ 3.59
17				
18	1 inch Meter All Classes (Except Standpipe)	0 gallons to 10,000 gallons	\$ 2.21	\$ 2.84
19		over 10,000 gallons	\$ 2.72	\$ 3.59
20				
21	1.5 inch Meter All Classes (Except Standpipe)	0 gallons to 26,000 gallons	\$ 2.21	\$ 2.84
22		over 26,000 gallons	\$ 2.72	\$ 3.59
23				
24	2 inch Meter All Classes (Except Standpipe)	0 gallons to 45,000 gallons	\$ 2.21	\$ 2.84
25		over 45,000 gallons	\$ 2.72	\$ 3.59
26				
27	3 inch Meter Classes (Except Standpipe)	0 gallons to 98,000 gallons	\$ 2.21	\$ 2.84
28		over 98,000 gallons	\$ 2.72	\$ 3.59
29				
30				
31				

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

NT = No Tariff

**Liberty Utilities (Bella Vista Water) Corp.**  
Test Year Ended December 31, 2014  
Present and Proposed Rates

Exhibit  
Settlement Schedule H-3  
Page 3  
Witness: Bourassa

Line No.	Commodity Rates (All Classes)	(Per 1,000 gallons)	Present Rates <sup>1</sup>	Proposed Rates <sup>1</sup>
1				
2				
3				
4	4 Inch Meter All Classes (Except Standpipe)	0 gallons to 158,000 gallons over 158,000 gallons	\$ 2.21 \$ 2.72 \$	\$ 2.84 3.59
5				
6				
7	6 Inch Meter All Classes (Except Standpipe)	0 gallons to 327,000 gallons over 327,000 gallons	\$ 2.21 \$ 2.72 \$	\$ 2.84 3.59
8				
9				
10	8 Inch Meter All Classes (Except Standpipe)	0 gallons to 584,000 gallons over 584,000 gallons	\$ 2.21 \$ 2.72 \$	\$ 2.84 3.59
11				
12				
13	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 870,000 gallons over 870,000 gallons	NT \$ NT \$	2.84 3.59
14				
15				
16	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 1,500,000 gallons over 1,500,000 gallons	NT \$ NT \$	2.84 3.59
17				
18				
19	Standpipe (hydrant, bulk)	All gallons	\$ 2.72 \$	3.59
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23				
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26				
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36				
37				

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

NT = No Tariff

Liberty Utilities (Bella Vista Water) Corp.  
Changes in Representative Rate Schedules  
Test Year Ended December 31, 2014

Exhibit  
Settlement Schedule H-3  
Page 4  
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 30.00	\$ 25.00
2	Establishment (After Hours)	\$ 45.00	remove
3	Reestablishment (within 12 months)	(a)	(a)
4	Reconnection (Delinquent)	\$ 30.00	\$ 20.00
5	Reconnection (Delinquent) (After Hours)	\$ 45.00	remove
6	Meter test (If Correct)	\$ 30.00	\$ 30.00
7	Meter Reread (if Correct)	\$ 15.00	\$ 20.00
8	Deposit	(c)	(c)
9	Deposit Interest	(c)	6%(c)
10			
11	NSF Check	\$ 15.00	\$ 10.00
12	Meter Reread (if Correct)	\$ 15.00	\$ 20.00
13	Late Payment Penalty	(d)	(d)
14	Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month
15	Moving meter at customer request (R-14-2-405.B)	at Cost	at Cost
16	After Hours Service Charge(e)	\$ 50.00	\$ 50.00
17			
18			
19	(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403 (D).		
20	(b) Customer shall pay the cost of physical disconnection plus Establishment charge (if same		
21	customer) and there shall be no charge for disconnection if no work is performed.		
22	(c) Per Commission Rule A.A.C. R14-2-403(B):		
23	Residential - two times the average bill;		
24	Commercial - two and one-half times the average bill.		
25	(d) 1.5% of unpaid balance.		
26	(e) At customer request. No charge for service during normal working hours.		
27			
28			
29			
30	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
31	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
32	TAX. PER COMMISSION RULE 14-2-409D(5).		
33			
34			
35			
36			
37			

Liberty Utilities (Bella Vista Water) Corp.  
 Test Year Ended December 31, 2014  
 Meter and Service Line Charges

Exhibit  
 Settlement Schedule H-3  
 Page 5  
 Witness: Bourassa

Line  
No.

1							
2	<b><u>Refundable Meter and Service Line Charges</u></b>						
3							
4							
5		Present	Present		Proposed	Proposed	
6		Service	Meter		Service	Meter	
7		Line	Install-	Total	Line	Install-	Total
8		<u>Charge</u>	<u>ation</u>	<u>Present</u>	<u>Charge</u>	<u>ation</u>	<u>Proposed</u>
9	5/8 x 3/4 Inch	1,765.00	105.00	1,870.00	At Cost	At Cost	At Cost
10	3/4 Inch	1,765.00	180.00	1,945.00	At Cost	At Cost	At Cost
11	1 Inch	1,765.00	240.00	2,005.00	At Cost	At Cost	At Cost
12	1 1/2 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
13	2 Inch Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	2 Inch Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	3 Inch Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
16	3 Inch Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
17	4 Inch Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
18	4 Inch Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
19	6 inch Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
20	6 inch Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
21	8 Inch & Larger	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
22							
23							
24							
25							
26							
27							
28							
29							
30							



Liberty Utilities (Bella Vista Water) Corp.  
Test Year Ended December 31, 2014  
Hook-Up Fees

Exhibit  
Settlement Schedule H-3  
Page 6  
Witness: Bourassa

Line

No.

1

2 Off-site Facilities Hook-up Fee

3

4

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	<u>Size Factor</u>	<u>Present</u> <u>Charge</u>	<u>Size Factor</u>	<u>Proposed</u> <u>Charge</u>
5/8 x 3/4 Inch	1	\$ 1,600	1	\$ 1,600
3/4 Inch	1.5	2,400	1.5	2,400
1 Inch	2.5	4,000	2.5	4,000
1 1/2 Inch	5	8,000	5	8,000
2 Inch	8	12,800	8	12,800
3 Inch	16	25,600	16	25,600
4 Inch	25	40,000	25	40,000
6 Inch or larger	50	80,000	50	80,000

NT = no tariff



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Computation of Increase in Gross Revenue  
Requirements As Adjusted

Exhibit  
Settlement Schedule A-1  
Page 1  
Witness: Bourassa

Line  
No.

1	Fair Value Rate Base				\$	10,454,760	
2							
3	Adjusted Operating Income				\$	305,770	
4							
5	Current Rate of Return					2.92%	
6							
7	Required Operating Income				\$	807,107	
8							
9	Required Rate of Return on Fair Value Rate Base					7.72%	
10							
11	Operating Income Deficiency				\$	501,337	
12							
13	Gross Revenue Conversion Factor					1.6242	
14							
15	Increase in Gross Revenue Requirement				\$	814,262	
16							
17	Adjusted Test Year Revenues				\$	3,072,169	
18	Increase in Gross Revenue Revenue Requirement				\$	814,262	
19	Proposed Revenue Requirement				\$	3,886,431	
20	% Increase					26.50%	
21							
22							
23	<b>Customer</b>	<b>Present</b>	<b>Proposed</b>	<b>Dollar</b>	<b>Percent</b>		
24	<b>Classification</b>	<b>Rates</b>	<b>Rates</b>	<b>Increase</b>	<b>Increase</b>		
25	5/8X3/4 Inch Residential	\$ 2,380,134	\$ 3,028,891	\$ 648,757	27.26%		
26	3/4 inch Residential	4,550	5,750	1,199	26.36%		
27	1 inch Residential	31,958	40,224	8,266	25.87%		
28	1 1/2 inch Residential	5,704	7,191	1,488	26.08%		
29	2 inch Residential	6,720	8,469	1,749	26.03%		
30	Subtotal	2,429,066	3,090,525	661,459	27.23%		
31		-	-	-	0.00%		
32	5/8X3/4 inch Commercial	47,700	60,584	12,884	27.01%		
33	1 inch Commercial	99,874	126,091	26,217	26.25%		
34	1 1/2 inch Commercial	19,775	24,852	5,077	25.67%		
35	2 inch Commercial	144,375	182,347	37,972	26.30%		
36	3 inch Commercial	37,364	47,199	9,835	26.32%		
37	4 inch Commercial	56,854	72,706	15,852	27.88%		
38	Subtotal	405,943	513,778	107,836	26.56%		
39		-	-	-	0.00%		
40	5/8X3/4 inch School	383	489	106	27.76%		
41	1 1/2 inch School	969	1,231	262	27.04%		
42	2 inch School	31,055	39,009	7,954	25.61%		
43	3 inch School	62,589	79,048	16,460	26.30%		
44	4 inch School	12,624	16,074	3,450	27.33%		
45	6 inch School	30,503	38,234	7,731	25.35%		
46	Subtotal	138,122	174,084	35,963	26.04%		
47		-	-	-	0.00%		
48	5/8X3/4 inch Industrial	3,095	3,937	842	27.20%		
49	2 inch Industrial	33,159	41,811	8,652	26.09%		
50	Subtotal	36,254	45,748	9,493	26.19%		
51		-	-	-	0.00%		
52	5/8X3/4 inch Multi-family	3,659	4,640	981	26.81%		
53	1 1/2 inch Multi-family	1,258	1,590	331	26.32%		
54	Subtotal	4,917	6,230	1,312	26.68%		
55		-	-	-	0.00%		
56	6 inch Bulk	36,310	43,557	7,247	19.96%		
57	Fire Lines up to 8 inch	1,085	1,085	-	0.00%		
58							
59	Usage Normalization Adjustment	(57,384)	(71,087)	(13,703)	23.88%		
60	Revenue Annualization	27,094	33,310	6,216	22.94%		
61	Subtotal	\$ 3,021,407	\$ 3,837,230	\$ 815,823	27.00%		
62							
63	Other Water Revenues	48,254	48,254	-	0.00%		
64	Reconciling Amount	2,508	947	(1,561)	-62.25%		
65	Rounding			-	0.00%		
66	Total of Water Revenues	\$ 3,072,169	\$ 3,886,431	\$ 814,262	26.50%		

67  
68  
69 **SUPPORTING SCHEDULES:**  
70 B-1  
71 C-1  
72 C-3  
73 H-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Summary of Rate Base

Exhibit  
Settlement Schedule B-1  
Page 1  
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 38,554,845	\$ 38,554,845
3	Less: Accumulated Depreciation	16,404,740	16,404,740
4			
5	Net Utility Plant in Service	\$ 22,150,105	\$ 22,150,105
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	976,558	976,558
9			
10	Contributions in Aid of Construction	20,261,911	20,261,911
11			
12	Accumulated Amortization of CIAC	(10,380,413)	(10,380,413)
13			
14	Customer Meter Deposits	332,034	332,034
15	Custmer Security Deposits	-	-
16	Accumulated Deferred Income Tax	545,895	545,895
17			
18			
19	<u>Plus:</u>		
20			
21	Deferred Regulatory Assets TCE Plume	-	-
22	Prepayments	1,508	1,508
23	Materials and Supplies	-	-
24	Working capital	39,133	39,133
25			
26	Total Rate Base	<u>\$ 10,454,760</u>	<u>\$ 10,454,760</u>
27			
28			
29			
30			
31			
32			
33			
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35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
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47			
48			
49			
50			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments

Exhibit  
 Settlement Schedule B-2  
 Page 1  
 Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustment	Settlement Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 37,384,534	1,170,312	\$ 38,554,845
3				
4	Less:			
5	Accumulated			
6	Depreciation	16,309,712	95,028	16,404,740
7				
8				
9	Net Utility Plant			
10	in Service	\$ 21,074,821		\$ 22,150,105
11				
12	Less:			
13	Advances in Aid of			
14	Construction	976,558	-	976,558
15				
16	Contributions in Aid of			
17	Construction - Gross	20,261,911	-	20,261,911
18				
19	Accumulated Amortization of CIAC	(10,388,151)	7,738	(10,380,413)
20				
21	Customer Meter Deposits	332,034	-	332,034
22	Customer Security Deposits	-	-	-
23	Accumulated Deferred Income Tax	1,121,537	(575,642)	545,895
24				-
25				-
26				
27	Plus:			
28				
29	Deferred Regulatory Assets TCE Plume	-		-
30	Prepayments	1,508		1,508
31	Materials and Supplies	-		-
32	Working capital	89,192	(50,059)	39,133
33				-
34				
35	Total	<u>\$ 8,861,632</u>		<u>\$ 10,454,760</u>

SUPPORTING SCHEDULES:

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RECAP SCHEDULES:

B-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments

Exhibit  
Settlement Schedule B-2  
Page 2  
Witness: Bourassa

Line No.		Adjusted at end of Test Year	1	2	Proforma Adjustments		ADIT	Settlement Adjusted at end of Test Year
					3	4		
			Plant-in-Service	Accumulated Depreciation	CIAC	AIAC		
1	Gross Utility Plant in Service	\$ 37,384,534	1,170,312					\$ 38,554,845
2								
3								
4	Less:							
5	Accumulated Depreciation	16,309,712		95,028				16,404,740
6								
7								
8								
9	Net Utility Plant in Service	\$ 21,074,821	\$ 1,170,312	\$ (95,028)	\$ -	\$ -	\$ -	\$ 22,150,105
10								
11								
12	Less:							
13	Advances in Aid of Construction	976,558						976,558
14								
15								
16	Contributions in Aid of Construction (CIAC)	20,261,911						20,261,911
17								
18								
19	Accumulated Amort of CIAC	(10,388,151)	7,738					(10,380,413)
20								
21	Customer Meter Deposits	332,034						332,034
22	Customer Security Deposits	-						-
23	Accumulated Deferred Income Taxes	1,121,537					(575,642)	545,895
24								
25								
26	Plus:							
27								
28	Deferred Regulation Assets	-						-
29	Prepayments	1,508						1,508
30	Materials and Supplies	-						-
31	Allowance for Cash Working Capital	89,192					(50,059)	39,133
32								
33	Total	\$ 8,861,632	\$ 1,170,312	\$ (95,028)	\$ (7,738)	\$ -	\$ 575,642	\$ 10,454,760
34								
35								
36								

SUPPORTING SCHEDULES:  
B-2, pages 3-7

RECAP SCHEDULES:  
B-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1

Exhibit  
 Settlement Schedule B-2  
 Page 3  
 Witness: Bourassa

Line No.	Acct. No.	Description	Plant-In-Service					Adjustments		E	F	G	Settlement Adjusted Original Cost
			A	B	C	D	E	F	G				
			Adjusted Original Cost	Plant Reclass	Intentionally Left Blank	Plant True-Up	Intentionally Left Blank	Intentionally Left Blank	Allocated Corporate Plant	Adjustments to Reconcile Plant to Reconstruction			
1	301	Plant-In-Service	-	-	-	-	-	-	-	-	-	-	-
2	302	Organization Cost	5,785	-	-	-	-	-	-	-	-	5,785	-
3	303	Franchise Cost	417	-	-	-	-	-	-	-	-	417	-
4	304	Land and Land Rights	45,968	-	-	-	-	-	-	-	-	45,968	-
5	305	Structures and Improvements	3,030,713	109,643	-	45,025	-	-	-	-	-	3,185,381	-
6	306	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-	-	-
7	307	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-	-	-
8	308	Wells and Springs	-	-	-	-	-	-	-	-	-	-	-
9	309	Infiltration Galleries and Tunnels	505,898	-	-	-	-	-	-	0	-	505,898	-
10	310	Supply Mains	-	-	-	-	-	-	-	-	-	-	-
11	311	Power Generation Equipment	272,502	-	-	-	-	-	-	-	-	272,502	-
12	312	Electric Pumping Equipment	219,360	-	-	-	-	-	-	-	-	219,360	-
13	313	Water Treatment Equipment	1,852,570	304,005	-	64,896	-	-	-	-	-	2,321,470	-
14	314	Water Treatment Plant	388,898	(388,898)	-	-	-	-	-	-	-	0	-
15	315	Chemical Solution Feeders	82	-	-	-	-	-	-	-	-	82	-
16	316	Dist. Reservoirs & Standpipe	4,975	-	-	434	-	-	-	-	-	370,088	-
17	317	Storage Tanks	759,320	(759,320)	-	-	-	-	-	0	-	5,409	-
18	318	Pressure Tanks	1,066	689,686	-	-	-	-	-	-	-	690,752	-
19	319	Trans. and Dist. Mains	144	69,634	-	-	-	-	-	-	-	69,778	-
20	320	Services	22,759,460	-	-	60,088	-	-	-	-	-	22,819,548	-
21	321	Meters	4,034,788	-	-	420,369	-	-	-	-	-	4,455,157	-
22	322	Hydrants	1,696,363	-	-	45,411	-	-	-	0	-	1,741,774	-
23	323	Backflow Prevention Devices	635,868	-	-	1,138	-	-	-	-	-	637,006	-
24	324	Other Plant and Misc. Equip.	15,855	-	-	-	-	-	-	-	-	15,855	-
25	325	Office Furniture and Fixtures	123,778	-	-	-	-	-	-	-	-	123,778	-
26	326	Computers and Software	115,867	(80,853)	-	-	-	-	-	-	-	35,014	-
27	327	Transportation Equipment	76,919	80,853	-	1,800	-	-	-	-	-	159,572	-
28	328	Stores Equipment	141,853	-	-	-	-	-	-	-	-	141,853	-
29	329	Tools and Work Equipment	-	(5,148)	-	-	-	-	-	-	-	-	-
30	330	Laboratory Equipment	97,863	-	-	8,117	-	-	-	-	-	100,832	-
31	331	Power Operated Equipment	3,061	-	-	-	-	-	-	-	-	3,061	-
32	332	Communications Equipment	-	-	-	-	-	-	-	-	-	-	-
33	333	Miscellaneous Equipment	218,183	84,921	-	-	-	-	-	-	-	303,104	-
34	334	Other Tangible Plant	5,427	-	-	-	-	-	-	-	-	5,427	-
35	335	SUBTOTAL	37,093,913	483,421	-	647,286	-	-	-	1	-	38,234,621	-
36	903	Land and Land Rights	13,956	-	-	-	-	-	-	-	-	13,956	-
37	904	Structures and Improvements	151,457	-	-	(80)	-	-	-	-	-	150,903	-
38	940	Office Furniture and Fixtures	38,336	-	-	(554)	-	-	-	-	-	42,947	-
39	940.1	Computers and Software	86,871	-	-	4,610	-	-	-	-	-	112,478	-
40		SUBTOTAL	290,620	-	-	25,607	-	-	-	-	-	320,224	-
41		TOTALS	\$ 37,384,534	\$ 493,421	\$ -	\$ 647,286	\$ -	\$ -	\$ 28,604	\$ 1	\$ -	\$ 38,554,845	-
42		Plant-In-Service per Books										\$ 37,384,534	-
43		Increase (decrease) in Plant-In-Service										\$ 1,170,312	-
44		Adjustment to Plant-In-Service										\$ 1,170,312	-

RECAP SCHEDULES:  
 B-2, page 2

SUPPORTING SCHEDULES  
 B-2, pages 3.1 to 3.7

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - A

Exhibit  
Settlement Schedule B-2  
Page 3.1  
Witness: Bourassa

Line No.	Acct. No.	Description	2012	2013	2014	2014 330 Reclass	PTY	Total
1		<u>Plant Reclass</u>						
2								
3								
4								
5	301	Organization Cost	\$ -	\$ -	\$ -			\$ -
6	302	Franchise Cost						
7	303	Land and Land Rights						
8	304	Structures and Improvements			(79,773)		189,417	109,643
9	305	Collecting and Impounding Res.						
10	306	Lake River and Other Intakes						
11	307	Wells and Springs						
12	308	Infiltration Galleries and Tunnels						
13	309	Supply Mains						
14	310	Power Generation Equipment						
15	311	Electric Pumping Equipment					304,005	304,005
16	320	Water Treatment Equipment			(369,996)			(369,996)
17	320.1	Water Treatment Plant			369,996			369,996
18	320.2	Chemical Solution Feeders						
19	330	Dist. Reservoirs & Standpipe				(759,320)		(759,320)
20	330.1	Storage tanks				689,686		689,686
21	330.2	Pressure Tanks				69,634		69,634
22	331	Trans. and Dist. Mains						
23	333	Services						
24	334	Meters						
25	335	Hydrants						
26	336	Backflow Prevention Devices						
27	339	Other Plant and Misc. Equip.						
28	340	Office Furniture and Fixtures		(79,694)	(1,159)			(80,853)
29	340.1	Computers and Software		79,694	1,159			80,853
30	341	Transportation Equipment						
31	342	Stores Equipment						
32	343	Tools and Work Equipment		(5,148)				(5,148)
33	344	Laboratory Equipment						
34	345	Power Operated Equipment						
35	346	Communications Equipment		5,148	79,773			84,921
36	347	Miscellaneous Equipment						
37	348	Other Tangible Plant						
38		Rounding						1
39		TOTALS	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ 493,422 \$-	\$ 493,422

43 SUPPORTING SCHEDULE

44 Work papers

45

RECAP SCHEDULES:  
B-2, page 3



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1 - B

Exhibit  
 Settlement Schedule B-2  
 Page 3.2  
 Witness: Bourassa

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Line

No.

1 Unsupported Plant

2

3

4 Acct.

5 No. Description

Original  
 Cost

6 301 Organization Cost

\$ -

7 302 Franchise Cost

-

8 303 Land and Land Rights

-

9 304 Structures and Improvements

-

10 305 Collecting and Impounding Res.

-

11 306 Lake River and Other Intakes

-

12 307 Wells and Springs

-

13 308 Infiltration Galleries and Tunnels

-

14 309 Supply Mains

-

15 310 Power Generation Equipment

-

16 311 Electric Pumping Equipment

-

17 320 Water Treatment Equipment

-

18 320.1 Water Treatment Plant

-

19 320.2 Chemical Solution Feeders

-

20 330 Dist. Reservoirs & Standpipe

-

21 330.1 Storage tanks

-

22 330.2 Pressure Tanks

-

23 331 Trans. and Dist. Mains

-

24 333 Services

-

25 334 Meters

-

26 335 Hydrants

-

27 336 Backflow Prevention Devices

-

28 339 Other Plant and Misc. Equip.

-

29 340 Office Furniture and Fixtures

-

30 340.1 Computers and Software

-

31 341 Transportation Equipment

-

32 342 Stores Equipment

-

33 343 Tools and Work Equipment

-

34 344 Laboratory Equipment

-

35 345 Power Operated Equipment

-

36 346 Communications Equipment

-

37 347 Miscellaneous Equipment

-

38 348 Other Tangible Plant

-

39

40 TOTAL

\$ -

41

42

43 SUPPORTING SCHEDULE

44 Work papers

45

RECAP SCHEDULES:  
 B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - C

Exhibit  
Settlement Schedule B-2  
Page 3.3  
Witness: Bourassa

Line  
No.

1	<u>Plant True-up</u>						
2							
3							
4	Acct.						
5	<u>No.</u>	<u>Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>PTY</u>	<u>Total</u>
6	301	Organization Cost	\$ -	\$ -	\$ -	-	\$ -
7	302	Franchise Cost	-	-	-	-	-
8	303	Land and Land Rights	-	-	-	-	-
9	304	Structures and Improvements	-	-	-	45,025	45,025
10	305	Collecting and Impounding Res.	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-
12	307	Wells and Springs	-	-	-	-	-
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-
14	309	Supply Mains	-	-	-	-	-
15	310	Power Generation Equipment	-	-	-	-	-
16	311	Electric Pumping Equipment	-	-	2,390	62,505	64,896
17	320	Water Treatment Equipment	-	-	-	-	-
18	320.1	Water Treatment Plant	-	-	-	-	-
19	320.2	Chemical Solution Feeders	-	-	434	-	434
20	330	Dist. Reservoirs & Standpipe	-	-	-	-	-
21	330.1	Storage tanks	-	-	-	-	-
22	330.2	Pressure Tanks	-	-	-	-	-
23	331	Trans. and Dist. Mains	-	-	3,942	56,155	60,098
24	333	Services	-	-	35,144	385,225	420,369
25	334	Meters	-	-	-	45,411	45,411
26	335	Hydrants	-	-	-	1,138	1,138
27	336	Backflow Prevention Devices	-	-	-	-	-
28	339	Other Plant and Misc. Equip.	-	-	-	-	-
29	340	Office Furniture and Fixtures	-	-	-	-	-
30	340.1	Computers and Software	-	-	-	1,800	1,800
31	341	Transportation Equipment	-	-	-	-	-
32	342	Stores Equipment	-	-	-	-	-
33	343	Tools and Work Equipment	-	-	-	8,117	8,117
34	344	Laboratory Equipment	-	-	-	-	-
35	345	Power Operated Equipment	-	-	-	-	-
36	346	Communications Equipment	-	-	-	-	-
37	347	Miscellaneous Equipment	-	-	-	-	-
38	348	Other Tangible Plant	-	-	-	-	-
39							
40	TOTALS		\$ -	\$ -	\$ 41,910	\$ 605,376	\$ 647,286

43 SUPPORTING SCHEDULE  
44 Work papers  
45

RECAP SCHEDULES:  
B-2, page 3

Exhibit  
Settlement Schedule B-2  
Page 3.4  
Witness: Bourassa

Line  
No.

43 SUPPORTING SCHEDULE  
44 Work papers  
45  
46

RECAP SCHEDULES:  
B-2, page 3

Exhibit  
Settlement Schedule B-2  
Page 3.5  
Witness: Bourassa

Line  
No.

41  
42  
43 SUPPORTING SCHEDULE  
44 Work papers  
45  
46

RECAP SCHEDULES:  
B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1 - F

Exhibit  
 Settlement Schedule B-2  
 Page 3.6  
 Witness: Bourassa

Line

No.

1	<u>Corporate Plant</u>							
2			[1]	[2]	[3]	[4] = [1]x[2]x[3]		
3				Liberty	Rio Rico	Allocated	Direct	
4	Acct.		Original	Utilities	Water	Rebuttal Original	Original	Increase
5	<u>No.</u>	<u>Description</u>	<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>	<u>(Decrease)</u>
6	903	Land and Land Rights	1,312,818	12.94%	8.18%	13,896	13,956	(60)
7	904	Structures and Improvments	11,123,684	12.94%	8.18%	117,743	125,550	(7,807)
8	940.1	Computers and Software	2,187,630	12.94%	8.18%	23,156	21,866	1,289
9								
10								
11	LU Sub-Corp. Plant							
12								
13	903	Land and Land Rights	-		8.18%	-	-	-
14	904	Structures and Improvments	405,370		8.18%	33,159	25,907	7,252
15	940	Office Furniture and Equipmen	257,704		8.18%	21,080	16,470	4,610
16	940.1	Computers and Software	1,359,281		8.18%	111,189	86,871	24,318
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41	TOTALS		\$ 16,646,487			\$ 320,224	\$ 290,620	\$ 29,604

44 SUPPORTING SCHEDULE

45 Work papers

46

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - G

Exhibit  
Settlement Schedule B-2  
Page 3.7  
Witness: Bourassa

Line

No.

1 Reconciliation of Plant to Plant Reconstruction

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Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
101	Plant-in-Service	-	-	-	-	-
301	Organization Cost	5,785	-	5,785	5,785	-
302	Franchise Cost	417	-	417	417	-
303	Land and Land Rights	45,968	-	45,968	45,968	-
304	Structures and Improvements	3,030,713	154,668	3,185,381	3,185,381	-
305	Collecting and Impounding Res.	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	505,898	-	505,898	505,898	0
308	Infiltration Galleries and Tunnels	-	-	-	-	-
309	Supply Mains	272,502	-	272,502	272,502	-
310	Power Generation Equipment	219,360	-	219,360	219,360	-
311	Electric Pumping Equipment	1,952,570	368,900	2,321,470	2,321,470	-
320	Water Treatment Equipment	369,996	(369,996)	0	0	-
320.1	Water Treatment Plant	92	369,996	370,088	370,088	-
320.2	Chemical Solution Feeders	4,975	434	5,409	5,409	-
330	Dist. Reservoirs & Standpipe	759,320	(759,320)	-	0	0
330.1	Storage tanks	1,066	689,686	690,752	690,752	-
330.2	Pressure Tanks	144	69,634	69,778	69,778	-
331	Trans. and Dist. Mains	22,759,460	60,098	22,819,558	22,819,558	-
333	Services	4,034,788	420,369	4,455,157	4,455,157	0
334	Meters	1,696,383	45,411	1,741,794	1,741,794	-
335	Hydrants	635,868	1,138	637,006	637,006	-
336	Backflow Prevention Devices	15,855	-	15,855	15,855	-
339	Other Plant and Misc. Equip.	123,778	-	123,778	123,778	-
340	Office Furniture and Fixtures	115,867	(80,853)	35,014	35,014	-
340.1	Computers and Software	76,919	82,652	159,572	159,572	-
341	Transportation Equipment	141,853	-	141,853	141,853	-
342	Stores Equipment	-	-	-	-	-
343	Tools and Work Equipment	97,663	2,969	100,632	100,632	-
344	Laboratory Equipment	3,061	-	3,061	3,061	-
345	Power Operated Equipment	-	-	-	-	-
346	Communications Equipment	218,183	84,921	303,104	303,104	-
347	Miscellaneous Equipment	5,427	-	5,427	5,427	-
348	Other Tangible Plant	-	-	-	-	-
TOTALS		\$ 37,093,913	\$ 1,140,707	\$ 38,234,621	\$ 38,234,621	\$ 1

SUPPORTING SCHEDULE

B-2, pages 3.1 through 3.3

B-2, pages 3.8 through 3.10

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp.  
Water Division  
Plant Additions and Retirements

Enlist  
Settlement Schedule B-2  
Page 3.8  
Witness: Bourassa

Line No.	NAIUC Account No.	Description	Per Decision		2012											
			Allowed Deprec. Rate	Plant at 2/28/2012	Accum. Deprec. At 2/28/2012	Plant Additions (Per Books)	Plant Adjustments	Plant Additions	RC Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage AD Only	10 Months Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	5,785	-	-	-	-	-	-	-	-	-	-	5,785	-
2	302	Franchise Cost	0.00%	417	-	-	-	-	-	-	-	-	-	-	417	-
3	303	Land and Land Rights	0.00%	44,194	-	1,761	-	-	-	1,774	-	-	-	-	45,968	-
4	304	Structures & Improvements	3.33%	3,311,457	568,475	15,495	(14,087)	(483,209)	(19)	(461,820)	-	-	-	86,318	2,909,837	684,793
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Inlets	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	562,837	218,973	-	(39)	(57,000)	-	(57,039)	-	-	-	14,520	505,888	233,803
8	308	Infiltration Galleries	6.87%	-	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Pipe/Water Supply Mains	5.00%	279,157	43,831	-	-	-	-	-	-	-	-	4,653	279,157	48,484
10	310	Power Generation Equipment	2.00%	219,360	103,100	-	-	-	-	-	-	-	-	9,140	219,360	112,328
11	311	Pumping Equipment	12.50%	1,861,688	843,567	294,201	-	(6,576)	(196)	287,428	0	0	-	181,813	1,889,116	1,025,380
12	320	Water Treatment Equipment	3.33%	363,442	183,283	-	-	6,584	-	8,254	-	-	-	10,178	369,696	193,459
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	789,861	191,897	-	-	-	-	-	-	-	-	14,057	759,861	205,795
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	22,337,893	9,586,469	48,015	(1,492)	(110,946)	(86)	(87,504)	-	-	-	371,736	22,270,385	9,838,209
19	333	Services	3.33%	2,788,122	869,455	241,161	(385)	(19,340)	(773)	220,863	-	-	-	79,877	2,988,785	949,332
20	334	Meters	8.33%	1,010,366	536,109	44,270	(587)	(9,937)	(158)	34,489	-	-	-	71,333	1,044,866	607,443
21	335	Hydrants	2.00%	572,321	184,603	2,005	-	-	(13)	1,992	-	-	-	9,556	574,314	184,388
22	336	Backflow Prevention Devices	6.87%	8,151	1,453	-	-	9,704	-	9,704	-	-	-	612	15,855	2,065
23	339	Other Plant & Misc Equipment	6.87%	123,778	26,627	-	-	-	-	-	-	-	-	6,880	123,778	35,707
24	340	Office Furniture & Equipment	6.87%	26,265	22,865	1,030	-	-	-	1,023	-	-	-	1,955	30,285	24,520
25	340.1	Computers & Software	20.00%	78,919	78,919	-	-	-	-	-	-	-	-	76,919	76,919	-
26	341	Transportation Equipment	20.00%	142,156	121,824	3,640	-	-	-	3,623	-	-	-	17,288	146,811	136,112
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	19,203	11,798	19,688	-	-	-	19,551	-	-	-	1,166	37,794	12,932
29	344	Laboratory Equipment	10.00%	3,081	3,081	-	-	-	-	-	-	-	-	-	3,081	3,081
30	345	Power Operated Equipment	8.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	212,896	147,813	8,326	-	-	-	8,291	-	-	-	18,095	221,287	185,908
32	347	Miscellaneous Equipment	10.00%	5,427	278	-	-	-	-	-	-	-	-	482	5,427	730
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
34	349	Rounding	-	(2)	-	-	-	-	-	-	-	-	-	-	(2)	-
35		TOTALS		34,484,869	13,754,857	676,730	(16,590)	(349,849)	(1,415)	63,928	0	0	-	899,637	34,523,915	14,654,293

Liberty Utilities (Rio Rico Water & Sewer) Corp.  
Water Division  
Plant Additions and Refinements

Exhibit  
Settlement Schedule B-2  
Page 3.9  
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Plant Refinements (Per Books)	Adjusted Plant Refinements	Salvage And Cont.	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	201	Organization Cost	0.00%	-	-	-	-	-	-	8,785	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	417	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	45,966	-
4	304	Structures & Improvements	3.33%	11,570	-	-	-	-	87,034	2,921,207	781,878
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	18,846	509,898	250,650
9	309	Raw Water Supply Means	2.00%	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	5,561	278,381	51,868
11	311	Pumping Equipment	12.50%	-	-	-	-	-	10,868	219,360	123,266
12	320	Water Treatment Equipment	3.33%	23,173	-	23,165	26,873	-	235,820	1,885,609	1,234,628
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	12,321	369,996	205,760
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	5.00%	-	-	-	-	-	18,863	759,320	223,077
17	330.2	Pressure Tanks	2.00%	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Means	3.33%	375,816	-	375,269	430	-	449,156	22,645,244	10,386,931
19	333	Services	8.33%	636,471	-	636,421	198,053	-	105,144	3,326,153	856,423
20	334	Meters	2.00%	60,886	-	60,884	47,027	-	87,805	1,054,511	644,021
21	335	Hydrants	6.67%	31,702	-	31,702	481	-	11,788	605,534	258,675
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	1,094	15,855	3,122
23	339	Other Plant & Misc. Equipment	6.67%	64,021	-	4,327	-	-	8,296	123,778	43,963
24	340	Office Furniture & Equipment	20.00%	-	-	-	-	-	2,185	34,816	26,645
25	340.1	Computers & Software	20.00%	-	-	79,884	-	-	7,989	156,813	84,889
26	341	Transportation Equipment	4.00%	-	-	-	-	-	4,159	146,011	143,271
27	342	Stores Equipment	5.00%	49,216	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	44,088	14,210	-	2,534	87,812	1,356
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	3,081	3,081
30	345	Power Operated Equipment	10.00%	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	6,148	3,104	-	22,231	223,331	185,634
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	543	5,427	1,273
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-
34		Rounding		-	-	-	-	-	-	(2)	-
35		TOTALS		1,172,455	(386)	1,172,068	293,690	-	1,088,281	35,402,287	15,456,879



Line No.	NALUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (For Book)	Plant Retirements (For Book)	Adjusted Plant Additions	RC Adjustments	Adjusted Plant Retirements	2014 Adjusted Plant Retirements	PTY Plant Retirements	Salvage Add Only	PTY Plant Deprec.	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	5,785	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	417	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	45,968	-
4	304	Structures & Improvements	3.33%	104,312	-	24,538	(79,773)	4,760	4,760	244,395	-	4,089	87,608	3,188,381	878,791
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	505,868	267,406
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	273,502	52,885
12	320	Water Treatment Equipment	3.33%	79,454	-	81,845	2,390	23,487	23,487	377,503	-	23,594	238,349	2,321,470	1,474,003
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	(218,101)	-	12,321	-	0
14	320.2	Solution Chemical Feeders	20.00%	82	-	-	-	-	-	-	218,101	-	2	370,088	218,103
15	330	Distribution Reservoirs & Standpipes	2.22%	4,975	-	5,409	434	-	-	-	-	-	541	5,409	541
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	16,857	-	0
17	330.2	Pressure Tanks	5.00%	144	-	144	-	-	-	-	689,808	-	12	890,752	890,752
18	331	Transmission & Distribution Mains	2.00%	88,003	-	91,925	3,942	1,807	1,807	84,276	-	843	453,805	22,819,556	21,915
19	333	Services	3.33%	748,101	-	780,244	35,144	242,817	242,817	891,877	-	9,850	119,709	4,495,157	742,185
20	334	Meters	8.33%	118,054	-	118,054	-	34,221	34,221	801,449	-	26,060	91,562	1,741,794	730,333
21	335	Hydrants	2.00%	30,370	-	30,370	-	808	808	1,997	-	20	12,405	637,008	217,204
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	1,058	15,855	4,180
23	338	Other Plant & Misc Equipment	6.67%	1,159	-	-	(1,189)	-	-	398	-	13	8,296	123,778	52,219
24	340	Office Furniture & Equipment	20.00%	-	-	1,159	1,159	-	-	1,800	-	100	2,309	38,014	29,407
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	18,095	158,972	181,123
26	341	Transportation Equipment	4.00%	-	-	-	-	4,159	4,159	-	-	-	763	141,853	139,377
27	342	Stores Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	21,251	-	21,251	-	-	-	11,789	-	294	3,812	100,632	5,982
29	344	Laboratory Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	3,091	3,091
30	345	Power Operated Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	79,773	-	-	-	-	-	26,322	303,104	211,358
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	543	5,427	1,819
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
34		Rounding		-	-	-	-	-	-	-	-	-	-	(2)	-
35		TOTALS		1,191,981	-	1,233,872	41,910	316,704	316,704	1,815,184	0	83,913	1,158,718	38,234,819	16,342,607

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2

Exhibit  
 Settlement Schedule B-2  
 Page 4  
 Witness: Bourassa

Accumulated Depreciation

Line No.	Description	Acc.	Adjusted Accum. Dep.	A	B	C	D	E	F	G	H	I
				Plant	Intentionally Left Blank	Plant True-up	Intentionally Left Blank	Intentionally Left Blank	Allocated Corporate Plant	PTY Plant Depreciation	Adjustments to Reconcile AD to Reconstruction	Settlement Adjusted Accum. Depr.
108	Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-
301	Organization Cost	-	-	-	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-
304	Structures and Improvements	-	876,050	(1,328)	-	-	-	-	-	4,069	-	878,791
305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-	-	-
307	Wells and Springs	-	267,496	-	-	-	-	-	-	-	0	267,496
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-	-	-
309	Supply Mains	-	52,885	-	-	-	-	-	-	-	-	52,885
310	Power Generation Equipment	-	134,264	-	-	-	-	-	-	-	-	134,264
311	Electric Pumping Equipment	-	1,450,340	-	-	-	-	-	-	-	-	1,474,083
320	Water Treatment Plant	-	218,101	(218,101)	-	149	-	-	-	23,594	-	(0)
320.1	Water Treatment Plant	-	2	218,101	-	-	-	-	-	-	(0)	218,103
320.2	Chemical Solution Feeders	-	498	-	-	43	-	-	-	-	-	541
330	Dist. Reservoirs & Standpipe	-	238,934	(238,934)	-	-	-	-	-	-	-	0
330.1	Storage Tanks	-	12	217,022	-	-	-	-	-	-	-	0
330.2	Pressure Tanks	-	4	21,912	-	-	-	-	-	-	-	0
331	Trans. and Dist. Mains	-	10,838,809	-	-	-	-	-	-	-	-	217,034
333	Services	-	731,730	-	-	39	-	-	-	-	-	21,915
334	Meters	-	705,382	-	-	585	-	-	-	-	-	10,839,691
335	Hydrants	-	217,184	-	-	-	-	-	-	843	-	742,165
336	Backflow Prevention Devices	-	4,180	-	-	-	-	-	-	25,050	-	730,433
339	Other Plant and Misc. Equip.	-	52,219	-	-	-	-	-	-	20	-	217,204
340	Office Furniture and Fixtures	-	37,006	(8,012)	-	-	-	-	-	-	-	4,180
340.1	Computers and Software	-	76,919	24,024	-	-	-	-	-	-	-	52,219
341	Transportation Equipment	-	139,677	-	-	-	-	-	-	13	-	29,007
342	Stores Equipment	-	-	-	-	-	-	-	-	180	-	101,123
343	Tools and Work Equipment	-	5,654	(386)	-	-	-	-	-	-	-	139,677
344	Laboratory Equipment	-	3,061	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	-	-	-	-	294	-	5,562
346	Communications Equipment	-	206,595	-	-	-	-	-	-	-	-	3,061
347	Miscellaneous Equipment	-	1,815	4,761	-	-	-	-	-	-	-	-
348	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	211,356
Subtotal		\$ 16,258,017	\$ 19,059	\$ 19,059	\$ -	\$ 817	\$ -	\$ -	\$ -	\$ 63,913	\$ 0	\$ 16,342,807
903	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-
904	Structures and Improvements	-	8,011	-	-	-	-	-	1,385	-	-	9,406
940	Office Furniture and Fixtures	-	1,376	-	-	-	-	-	385	-	-	1,762
940.1	Computers and Software	-	41,308	-	-	-	-	-	9,457	-	-	50,765
Subtotal		\$ 50,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,238	\$ -	\$ -	\$ 61,933
TOTALS		\$ 16,309,712	\$ 19,059	\$ 19,059	\$ -	\$ 817	\$ -	\$ -	\$ 11,238	\$ 63,913	\$ 0	\$ 16,404,740

Accumulated Depreciation per Books

Increase (decrease) in Accumulated Depreciation

Adjustment to Accumulated Depreciation

SUPPORTING SCHEDULES

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RECAP SCHEDULES  
 B-2, page 2

\$ 16,309,712  
 \$ 95,028  
 \$ 95,028

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - A

Exhibit  
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Witness: Bourassa

Line

No.

1 Plant Reclass

2

3

4

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Acct.	No.	Description	Depr Rate	2012	2013	2014	330 Reclass	Total
	301	Organization Cost	0.00%	-	-	-		\$ -
	302	Franchise Cost	0.00%	-	-	-		-
	303	Land and Land Rights	0.00%	-	-	-		-
	304	Structures and Improvements	3.33%	-	-	(1,328)		(1,328)
	305	Collecting and Impounding Res.	2.50%	-	-	-		-
	306	Lake River and Other Intakes	2.50%	-	-	-		-
	307	Wells and Springs	3.33%	-	-	-		-
	308	Infiltration Galleries and Tunnels	6.67%	-	-	-		-
	309	Supply Mains	2.00%	-	-	-		-
	310	Power Generation Equipment	5.00%	-	-	-		-
	311	Electric Pumping Equipment	12.50%	-	-	-		-
	320	Water Treatment Equipment	3.33%	-	-	(218,101)		(218,101)
	320.1	Water Treatment Plant	3.33%	-	-	218,101		218,101
	320.2	Chemical Solution Feeders	20.00%	-	-	-		-
	330	Dist. Reservoirs & Standpipe	2.22%	-	-	-	(238,934)	(238,934)
	330.1	Storage tanks	2.22%	-	-	-	217,022	217,022
	330.2	Pressure Tanks	5.00%	-	-	-	21,912	21,912
	331	Trans. and Dist. Mains	2.00%	-	-	-		-
	333	Services	3.33%	-	-	-		-
	334	Meters	8.33%	-	-	-		-
	335	Hydrants	2.00%	-	-	-		-
	336	Backflow Prevention Devices	6.67%	-	-	-		-
	339	Other Plant and Misc. Equip.	6.67%	-	-	-		-
	340	Office Furniture and Fixtures	6.67%	-	(2,658)	(5,354)		(8,012)
	340.1	Computers and Software	20.00%	-	7,969	16,055		24,024
	341	Transportation Equipment	20.00%	-	-	-		-
	342	Stores Equipment	4.00%	-	-	-		-
	343	Tools and Work Equipment	5.00%	-	(129)	(257)		(386)
	344	Laboratory Equipment	10.00%	-	-	-		-
	345	Power Operated Equipment	5.00%	-	-	-		-
	346	Communications Equipment	10.00%	-	257	4,503		4,761
	347	Miscellaneous Equipment	10.00%	-	-	-		-
	348	Other Tangible Plant	10.00%	-	-	-		-
		TOTALS		\$ -	\$ 5,440	\$ 13,618	\$ -	\$ 19,059

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2 - B

Exhibit  
 Settlement Schedule B-2  
 Page 4.2  
 Witness: Bourassa

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Line

No.

1

2

3

4

Acct.

5

No.

Description

Original

Cost A/D

6

301

Organization Cost

\$

-

7

302

Franchise Cost

-

8

303

Land and Land Rights

-

9

304

Structures and Improvements

-

10

305

Collecting and Impounding Res.

-

11

306

Lake River and Other Intakes

-

12

307

Wells and Springs

-

13

308

Infiltration Galleries and Tunnels

-

14

309

Supply Mains

-

15

310

Power Generation Equipment

-

16

311

Electric Pumping Equipment

-

17

320

Water Treatment Equipment

-

18

320.1

Water Treatment Plant

-

19

320.2

Chemical Solution Feeders

-

20

330

Dist. Reservoirs & Standpipe

-

21

330.1

Storage tanks

-

22

330.2

Pressure Tanks

-

23

331

Trans. and Dist. Mains

-

24

333

Services

-

25

334

Meters

-

26

335

Hydrants

-

27

336

Backflow Prevention Devices

-

28

339

Other Plant and Misc. Equip.

-

29

340

Office Furniture and Fixtures

-

30

340.1

Computers and Software

-

31

341

Transportation Equipment

-

32

342

Stores Equipment

-

33

343

Tools and Work Equipment

-

34

344

Laboratory Equipment

-

35

345

Power Operated Equipment

-

36

346

Communications Equipment

-

37

347

Miscellaneous Equipment

-

38

348

Other Tangible Plant

-

39

40

TOTAL

\$

-

41

42

43

SUPPORTING SCHEDULE

44

Work papers

45

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - C

Exhibit  
Settlement Schedule B-2  
Page 4.3  
Witness: Bourassa

Line

No.

1 Plant True-Up

2

3

4 Acct.

5 No.

6 Description

7

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Depr						
Rate	2012	2013	2014	Total		
0.00%	-	-	-	\$ -		
0.00%	-	-	-	-		
0.00%	-	-	-	-		
3.33%	-	-	-	-		
2.50%	-	-	-	-		
2.50%	-	-	-	-		
3.33%	-	-	-	-		
6.67%	-	-	-	-		
2.00%	-	-	-	-		
5.00%	-	-	-	-		
12.50%	-	-	149	149		
3.33%	-	-	-	-		
3.33%	-	-	-	-		
20.00%	-	-	43	43		
2.22%	-	-	-	-		
2.22%	-	-	-	-		
5.00%	-	-	-	-		
2.00%	-	-	39	39		
3.33%	-	-	585	585		
8.33%	-	-	-	-		
2.00%	-	-	-	-		
6.67%	-	-	-	-		
6.67%	-	-	-	-		
6.67%	-	-	-	-		
20.00%	-	-	-	-		
20.00%	-	-	-	-		
4.00%	-	-	-	-		
5.00%	-	-	-	-		
10.00%	-	-	-	-		
5.00%	-	-	-	-		
10.00%	-	-	-	-		
10.00%	-	-	-	-		
10.00%	-	-	-	-		
TOTALS	\$ -	\$ -	\$ 817	\$ 817		

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - D

Exhibit  
Settlement Schedule B-2  
Page 4.4  
Witness: Bourassa

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Line

No.

1

2

3

4

Acct.

No.

Description

Original

Cost A/d

5

301

Organization Cost

\$

6

302

Franchise Cost

7

303

Land and Land Rights

8

304

Structures and Improvements

9

305

Collecting and Impounding Res.

10

306

Lake River and Other Intakes

11

307

Wells and Springs

12

308

Infiltration Galleries and Tunnels

13

309

Supply Mains

14

310

Power Generation Equipment

15

311

Electric Pumping Equipment

16

320

Water Treatment Equipment

17

320.1

Water Treatment Plant

18

320.2

Chemical Solution Feeders

19

330

Dist. Reservoirs & Standpipe

20

330.1

Storage tanks

21

330.2

Pressure Tanks

22

331

Trans. and Dist. Mains

23

333

Services

24

334

Meters

25

335

Hydrants

26

336

Backflow Prevention Devices

27

339

Other Plant and Misc. Equip.

28

340

Office Furniture and Fixtures

29

340.1

Computers and Software

30

341

Transportation Equipment

31

342

Stores Equipment

32

343

Tools and Work Equipment

33

344

Laboratory Equipment

34

345

Power Operated Equipment

35

346

Communications Equipment

36

347

Miscellaneous Equipment

37

348

Other Tangible Plant

38

39

40

TOTAL

\$

41

42

43

SUPPORTING SCHEDULE

44

Work papers

45

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RECAP SCHEDULES:

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2 - E

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 Settlement Schedule B-2  
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 Witness: Bourassa

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Line No.	Acct.	No.	Description	Original Cost A/D
1				
2				
3				
4				
5				
6		301	Organization Cost	\$ -
7		302	Franchise Cost	-
8		303	Land and Land Rights	-
9		304	Structures and Improvements	-
10		305	Collecting and Impounding Res.	-
11		306	Lake River and Other Intakes	-
12		307	Wells and Springs	-
13		308	Infiltration Galleries and Tunnels	-
14		309	Supply Mains	-
15		310	Power Generation Equipment	-
16		311	Electric Pumping Equipment	-
17		320	Water Treatment Equipment	-
18		320.1	Water Treatment Plant	-
19		320.2	Chemical Solution Feeders	-
20		330	Dist. Reservoirs & Standpipe	-
21		330.1	Storage tanks	-
22		330.2	Pressure Tanks	-
23		331	Trans. and Dist. Mains	-
24		333	Services	-
25		334	Meters	-
26		335	Hydrants	-
27		336	Backflow Prevention Devices	-
28		339	Other Plant and Misc. Equip.	-
29		340	Office Furniture and Fixtures	-
30		340.1	Computers and Software	-
31		341	Transportation Equipment	-
32		342	Stores Equipment	-
33		343	Tools and Work Equipment	-
34		344	Laboratory Equipment	-
35		345	Power Operated Equipment	-
36		346	Communications Equipment	-
37		347	Miscellaneous Equipment	-
38		348	Other Tangible Plant	-
39				
40			TOTAL	\$ -
41				
42				
43			<u>SUPPORTING SCHEDULE</u>	
44			Work papers	
45				
46				

RECAP SCHEDULES:  
 B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2 - F

Exhibit  
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 Witness: Bourassa

Line

No.

1	<u>Corporate Plant A/D</u>						
2		[1]	[2]	[3]	[4] = [1]x[2]x[3]		
3			Liberty	Rio Rico	Allocated	Direct	
4	Acct.		Utilities	Water	Original	Original	Increase
5	No. Description	A/D	Factor	Factor	Cost	Cost	(Decrease)
6	903 Land and Land Rights	\$ -	12.94%	8.18%	-	-	-
7	904 Structures and Improvements	309,237	12.94%	8.18%	3,273	3,219	54
8	940.1 Computers and Software	65,442	12.94%	8.18%	693	2,187	(1,494)
9							
10							
11	<u>LU Sub-Corp. Plant</u>						
12							
13	903 Land and Land Rights	-		8.18%	-	-	-
14	904 Structures and Improvements	74,974		8.18%	6,133	4,792	1,341
15	940 Office Furniture and Equipment	21,535		8.18%	1,762	1,376	385
16	940.1 Computers and Software	612,134		8.18%	50,073	39,121	10,951
17							
18							
19							
20							
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22							
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38							
39							
40							
41	TOTALS	\$ 1,083,322			\$ 61,933	\$ 50,695	\$ 11,238

44 SUPPORTING SCHEDULE  
 45 Work papers

RECAP SCHEDULES:  
 B-2, page 4

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - G

Exhibit  
Settlement Schedule B-2  
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Witness: Bourassa

Line No.	Acct. No.	Description	Direct PTY Plant Balance	Adjustments	Adjusted PTY Plant Balance	Depr Rate	Depr (1/2 Year) PTY
1		PTY Plant A/D					
2							
3							
4							
5	301	Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
6	302	Franchise Cost	-	-	-	0.00%	-
7	303	Land and Land Rights	-	-	-	0.00%	-
8	304	Structures and Improvements	9,954	234,442	244,395	3.33%	4,069
9	305	Collecting and Impounding Res.	-	-	-	2.50%	-
10	306	Lake River and Other Intakes	-	-	-	2.50%	-
11	307	Wells and Springs	-	-	-	3.33%	-
12	308	Infiltration Galleries and Tunnels	-	-	-	6.67%	-
13	309	Supply Mains	-	-	-	2.00%	-
14	310	Power Generation Equipment	-	-	-	5.00%	-
15	311	Electric Pumping Equipment	10,993	366,510	377,503	12.50%	23,594
16	320	Water Treatment Equipment	-	-	-	3.33%	-
17	320.1	Water Treatment Plant	-	-	-	3.33%	-
18	320.2	Chemical Solution Feeders	-	-	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	-	-	-	2.22%	-
20	330.1	Storage tanks	-	-	-	2.22%	-
21	330.2	Pressure Tanks	-	-	-	5.00%	-
22	331	Trans. and Dist. Mains	28,121	56,155	84,276	2.00%	843
23	333	Services	206,351	385,225	591,577	3.33%	9,850
24	334	Meters	556,039	45,411	601,449	8.33%	25,050
25	335	Hydrants	860	1,138	1,997	2.00%	20
26	336	Backflow Prevention Devices	-	-	-	6.67%	-
27	339	Other Plant and Misc. Equip.	-	-	-	6.67%	-
28	340	Office Furniture and Fixtures	398	-	398	6.67%	13
29	340.1	Computers and Software	-	1,800	1,800	20.00%	180
30	341	Transportation Equipment	-	-	-	20.00%	-
31	342	Stores Equipment	-	-	-	4.00%	-
32	343	Tools and Work Equipment	3,651	8,117	11,769	5.00%	294
33	344	Laboratory Equipment	-	-	-	10.00%	-
34	345	Power Operated Equipment	-	-	-	5.00%	-
35	346	Communications Equipment	-	-	-	10.00%	-
36	347	Miscellaneous Equipment	-	-	-	10.00%	-
37	348	Other Tangible Plant	0	-	-	10.00%	-
38							
39							
40		TOTALS	\$ 816,367	\$ 1,098,797	\$ 1,915,164		\$ 63,913
41							

43 SUPPORTING SCHEDULE

44 Work papers

45 Testimony

RECAP SCHEDULES:

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - H

Exhibit  
Settlement Schedule B-2  
Page 4.8  
Witness: Bourassa

Line No.	Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
1		<u>Reconciliation of A/D to A/D Reconstruction</u>					
2							
3							
4							
5	108	Accumulated Depreciation	-	-	-	-	-
6	301	Organization Cost	-	-	-	-	-
7	302	Franchise Cost	-	-	-	-	-
8	303	Land and Land Rights	-	-	-	-	-
9	304	Structures and Improvements	876,050	2,741	878,791	878,791	-
10	305	Collecting and Impounding Res.	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-
12	307	Wells and Springs	267,496	-	267,496	267,496	0
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-
14	309	Supply Mains	52,885	-	52,885	52,885	-
15	310	Power Generation Equipment	134,264	-	134,264	134,264	-
16	311	Electric Pumping Equipment	1,450,340	23,743	1,474,083	1,474,083	-
17	320	Water Treatment Equipment	218,101	(218,101)	(1)	(0)	0
18	320.1	Water Treatment Plant	2	218,101	218,103	218,103	(0)
19	320.2	Chemical Solution Feeders	498	43	541	541	-
20	330	Dist. Reservoirs & Standpipe	238,934	(238,934)	0	0	0
21	330.1	Storage tanks	12	217,022	217,034	217,034	-
22	330.2	Pressure Tanks	4	21,912	21,915	21,915	-
23	331	Trans. and Dist. Mains	10,838,809	882	10,839,691	10,839,691	-
24	333	Services	731,730	10,435	742,165	742,165	0
25	334	Meters	705,382	25,050	730,433	730,433	-
26	335	Hydrants	217,184	20	217,204	217,204	-
27	336	Backflow Prevention Devices	4,180	-	4,180	4,180	-
28	339	Other Plant and Misc. Equip.	52,219	-	52,219	52,219	-
29	340	Office Furniture and Fixtures	37,006	(7,999)	29,007	29,007	-
30	340.1	Computers and Software	76,919	24,204	101,123	101,123	-
31	341	Transportation Equipment	139,877	-	139,877	139,877	-
32	342	Stores Equipment	-	-	-	-	-
33	343	Tools and Work Equipment	5,654	(92)	5,562	5,562	-
34	344	Laboratory Equipment	3,061	-	3,061	3,061	-
35	345	Power Operated Equipment	-	-	-	-	-
36	346	Communications Equipment	206,595	4,761	211,356	211,356	-
37	347	Miscellaneous Equipment	1,815	-	1,815	1,815	-
38	348	Other Tangible Plant	-	-	-	-	-
39							
40							
41		TOTALS	\$ 16,259,017	\$ 83,789	\$ 16,342,807	\$ 16,342,807	\$ 0
42							
43							

44 SUPPORTING SCHEDULE  
45 B-2, pages 4.1  
46 B-2, pages 3.8 through 3.10

RECAP SCHEDULES:  
B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 3

Exhibit  
Settlement Schedule B-2  
Page 5  
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line  
No.

1			
2			
3			
4		Gross CIAC	Accumulated Amortization
5	Computed balance at End of Test Year	\$ 20,261,911	\$ 10,380,413
6			
7	Adjusted balance at End of Test Year	\$ 20,261,911	\$ 10,388,151
8			
9	Increase (decrease)	\$ -	\$ (7,738)
10			
11			
12	Adjustment to CIAC/AA CIAC	\$ -	\$ 7,738
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		<u>RECAP SCHEDULES:</u>
20	B-2, page 5.1		B-2, page 2
21			
22			
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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Contributions-in-aid of Construction and Amortization  
 Adjustment 4

Exhibit  
 Settlement Schedule B-2  
 Page 5.1  
 Witness: Bourassa

Line NO.	Per Decision Balance 2/29/2012	2012 Additions	Balance 12/31/2012	2013 Additions	Balance 12/31/2013	2014 Additions	Balance 12/31/2014
1							
2							
3							
4							
5	20,179,119		20,173,239		20,173,239	88,672	20,261,911
6							
7				(38,194)			
8				32,314			
9							
10							
11	0.51%						
12	102,506		2.62%		3.11%		2.99%
13	8,617,752		527,808		628,177		606,676
14			9,145,560		9,773,737		10,380,413
15	11,561,368		11,027,879		10,398,502	88,672	9,881,498
16							
17							
18							
19							
20							
21							
22							

AIAC agreement was originally posted to CIAC pre acquisition in 1998/1999 for 38,194.  
 Journal entries were never made to correct the GL accounts. So in 2009 an entry to move the bal to CIAC should have been 32,313.7

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 4  
Advances-in-Aid of Construction (AIAC)

Exhibit  
Settlement Schedule B-2  
Page 6  
Witness: Bourassa

Line  
No.

1

2

3

4

Computed balance at End of Test Year

\$ 976,558

5

6

Adjusted balance at End of Test Year

\$ 976,558

7

8

Increase (decrease)

\$ -

9

10

11

12

13

14

15

16

17

18

19

SUPPORTING SCHEDULES

20

B-2, page 6.1

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RECAP SCHEDULES:

B-2, page 2

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Advances-In-Aid of Construction (AIAC)

Exhibit  
 Settlement Schedule B-2  
 Page 6.1  
 Witness: Bourassa

Line No.	Per Decision	2012		2013		2014	
		Balance 2/29/2012	Activity	Balance 12/31/2012	Activity	Balance 12/31/2013	Activity
5	AIAC in process	660,955					
6	Additions		16,505	664,175		1,038,044	2,500
7	Refunds		(3,471)		376,211		
8	Rate Case - CIAC Adj		(32,314)		(4,842)		(2,814)
9	Rate Case - AIAC in process		5,000				
10	Rate Case - IAD Aj		22,500				
11	Move to CIAC						(88,672)
12	IAD		(5,000)		2,500		27,500
13							
14	Total AIAC	660,955	3,220	664,175	373,869	1,038,044	(61,486)
15							976,558

AIAC agreement was originally posted to CIAC pre acquisition in 1998/1999 for 38,194.

Journal entries were never made to correct the GL accounts. So in 2009 an entry to move the bal to CIAC should have been 32,313.7

Rate Case IAD Adj is to add the deposits received from the prior rate case but not entered

AIAC in process rate case adjustment was for the AIAC in process that was taken in 2008 but was not included in the AIAC amount. In the 2012 rate case the 5000 was subtracted out.

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment 5

Exhibit  
 Settlement Schedule B-2  
 Page 7.0  
 Witness: Bourassa

Line No.	Deferred Income Tax as of December 31, 2014	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1										
2										
3										
4										
5										
6		Plant-In-Service	\$ 52,254,628 <sup>1</sup>							
7		Accum. Deprec.	(22,235,265) <sup>1</sup>							
8		CIAC	(13,104,626) <sup>2</sup>							
9		Fixed Assets	\$ 16,914,718		\$ 13,960,888 <sup>2</sup>	100.0%				
10					\$ (2,953,829)	32.46%				(958,890)
11		State	\$ 16,914,718		\$ 14,063,222 <sup>2</sup>	100.0%				(139,723)
12					\$ (2,851,496)	4.900%				
13		Fed & State			\$ 783,815 <sup>4</sup>	100.0%		\$ 292,854		
14		AIAC				37.363%				
15										
16										
17										
18										
19		Net Asset (Liability)					\$ (805,760)			
20		Allocation Factor - Water-Division (based on rate base before ADIT)					0.6633			
21										
22		Net Asset (Liability) Water Division					\$ (534,441)			
23										
24		Allocated Corporate ADIT <sup>5</sup>					\$ (11,454)			
25										
26		Total Asset (Liability) Water Division					\$ (545,895)			
27										
28		DIT Asset (Liability) as Adjusted					\$ (1,121,537)			
29										
30		Adjustment to DIT					\$ (575,642)			
31										
32										
33										
34										
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45										

Footnotes - See page 7.1

RECAP SCHEDULES:  
 B-2, page 2

<sup>1</sup> Per adjusted book balances, land not included, corporate plant not included

<sup>2</sup> Computation of Net Tax Value December 31, 2014

Based on 2014 Tax Depreciation report  
 Adjusted Basis at December 31, 2014 per federal and state tax depr. report  
 Reconciling items not on tax report  
 Land on Tax and not on included in adjusted plant balance  
 PTY Plant

Net Cost tax Basis at December 31, 2014

Reductions

Accumulated Depreciation at December 31, 2014

PTY Plant Tax Depr Estimate

Net Reductions through December 31, 2012

Net tax value of plant-in-service at December 31, 2012

<sup>3</sup> CIAC (including impact of change to probability of realization)

Gross CIAC per adjusted book balances

CIAC reductions/additions

A.A per adjusted book balances

Net CIAC before unrealized AIAC

Unrealized AIAC Component

AIAC per adjusted book balances

Adjusted Net AIAC (see footnote 5 below)

Unrealized AIAC Component % (1-Realized AIAC Component)

Total realizable CIAC

<sup>4</sup> AIAC (including impact of change in probability of realization)

AIAC per adjusted book balances

Less: Unrealized AIAC (from Note 3, above)

Subtotal

Meter and Service Line Installation Charges per adjusted book balances

Total realizable AIAC

<sup>5</sup> See work papers

	FEDERAL	STATE
\$ 27,137,977	\$ 28,144,708	
2,087,687	2,087,687	
	\$ 28,205,674	\$ 30,212,405
\$ (15,200,080)	\$ (16,104,457)	
(44,725)	(44,725)	
	(15,244,785)	(16,149,183)
	\$ 13,860,888	\$ 14,063,222

\$ 25,374,157

\$ (13,323,688)

(13,323,688)

\$ 12,050,470

\$ 1,505,937

70.0%

\$ 1,054,156

\$ 13,104,626

\$ 1,505,937

\$ (1,054,156)

\$ 451,781

\$ 332,034

\$ 783,815



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Cash Working Capital

Exhibit  
Settlement Schedule B-5  
Page 1  
Witness: Bourassa

Line No.	Description	Proforma Test Year Amount <sup>1</sup>	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days	Col. E/365	Lead/Lag Factor	Cash Working Capital Required	Col. B * Col. F
(A)	(B)	(C)	(D)	(E)	(F)	(G)			
7	OPERATING EXPENSES								
8	Salaries and Wages	\$ -	44.96	-	44.96	0.12317808		\$ -	
9	Purchased Water	69,895	44.96	27.48	17.48	0.04789041		3,347	
10	Purchased Power	333,299	44.96	29.04	15.92	0.04361644		14,537	
11	Chemicals	4,732	44.96	0.42	44.54	0.12202740		577	
12	Fuel for Power Production	-	44.96	-	44.96	0.12317808		-	
13	Repairs and Maintenance	-	44.96	32.84	12.12	0.03320548		-	
14	Office Supplies and Expense	34,071	44.96	38.69	6.27	0.01717808		585	
15	Outside Services	-	44.96	-	44.96	0.12317808		-	
16	Contractual Services - Professional	685,534	44.96	20.03	24.93	0.06830137		48,823	
17	Contractual Services - Testing	39,413	44.96	28.21	16.75	0.04589041		1,809	
18	Contractual Services - Other	474,500	44.96	22.20	22.76	0.06235616		29,588	
19	Water Testing	-	44.96	-	44.96	0.12317808		-	
20	Rents	4,169	44.96	(5.40)	50.36	0.13797260		575	
21	Transportation	60,352	44.96	28.43	16.53	0.04528767		2,733	
22	Insurance	27,865	44.96	(182.50)	227.46	0.62317808		17,365	
23	Materials and Supplies	29,680	44.96	32.84	12.12	0.03320548		986	
24	Miscellaneous	60,228	44.96	31.38	13.58	0.03720548		2,241	
25	Interest Expense	97,229	44.96	90.25	(45.29)	0.12408219		(12,064)	
26									
27									
28									
29	TAXES								
30	General Taxes-Property <sup>1</sup>	170,953	44.96	213.96	(169.00)	0.46300913		\$ (79,153)	
31	General Taxes-Other	-	44.96	-	44.96	0.12317808		-	
32	Income Tax <sup>1</sup>	421,113	44.96	37.00	7.96	0.02180822		9,164	
33									
34	OTHER								
35	Regulatory Commission Expense	-	44.96	(136.54)	181.50	0.49726484		-	
36									
37	TOTAL	\$ 2,513,033						\$ 39,133	
38									
39									
40									
41									
42									
43									
44									

<sup>1</sup>At proposed rates.

RECAP SCHEDULES:  
B-2, page 2

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division**  
**Test Year Ended December 31, 2014**  
**Income Statement**

Exhibit  
Settlement Schedule C-1  
Page 1  
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Metered Water Revenues	\$ 2,984,538	\$ 39,377	\$ 3,023,915	\$ 814,262	\$ 3,838,177
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	48,254	-	48,254	-	48,254
5		<u>\$ 3,032,792</u>	<u>\$ 39,377</u>	<u>\$ 3,072,169</u>	<u>\$ 814,262</u>	<u>\$ 3,886,431</u>
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	69,895	-	69,895	-	69,895
9	Purchased Power	324,148	9,151	333,299	-	333,299
10	Chemicals	4,602	130	4,732	-	4,732
11	Fuel for Power Production	-	-	-	-	-
12	Repairs and Maintenance	-	-	-	-	-
13	Office Supplies and Expense	34,071	-	34,071	-	34,071
14	Outside Services	-	-	-	-	-
15	Contractual Services - Professional	1,039,036	(353,502)	685,534	-	685,534
16	Contractual Services - Testing	41,807	(2,394)	39,413	-	39,413
17	Contractual Services - Other	97,904	376,596	474,500	-	474,500
18	Water Testing	-	-	-	-	-
19	Rents	4,169	-	4,169	-	4,169
20	Transportation	60,352	-	60,352	-	60,352
21	Insurance	27,865	-	27,865	-	27,865
22	Regulatory Commission Expense	33,172	-	33,172	-	33,172
23	Materials and Supplies	29,680	-	29,680	-	29,680
24	Miscellaneous	61,392	(1,164)	60,228	-	60,228
25	Depreciation	562,211	68,138	630,348	-	630,348
26	Taxes Other Than Income	-	-	-	-	-
27	Property Taxes	155,057	2,014	157,071	13,881	170,953
28	Income Tax	147,142	(25,072)	122,070	299,043	421,113
29		-	-	-	-	-
30	<b>Total Operating Expenses</b>	<u>\$ 2,692,502</u>	<u>\$ 73,897</u>	<u>\$ 2,766,399</u>	<u>\$ 312,925</u>	<u>\$ 3,079,324</u>
31	<b>Operating Income</b>	<u>\$ 340,290</u>	<u>\$ (34,520)</u>	<u>\$ 305,770</u>	<u>\$ 501,337</u>	<u>\$ 807,107</u>
32	<b>Other Income (Expense)</b>					
33	Interest and Dividend Income	-	-	-	-	-
34	AFUDC Income	5,045	-	5,045	-	5,045
35	Miscellaneous Non-Utility Expenses	(500)	-	(500)	-	(500)
36	Interest Expense	(92,250)	(4,980)	(97,229)	-	(97,229)
37		-	-	-	-	-
38	<b>Total Other Income (Expense)</b>	<u>\$ (87,705)</u>	<u>\$ (4,980)</u>	<u>\$ (92,684)</u>	<u>\$ -</u>	<u>\$ (92,684)</u>
39	<b>Net Profit (Loss)</b>	<u>\$ 252,585</u>	<u>\$ (39,499)</u>	<u>\$ 213,086</u>	<u>\$ 501,337</u>	<u>\$ 714,423</u>

SUPPORTING SCHEDULES:

C-1, page 2

E-2

RECAP SCHEDULES:

A-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 dba Liberty Utilities  
 Test Year Ended December 31, 2014  
 Income Statement

Exhibit  
 Settlement Schedule C-1  
 Page 2.1  
 Witness: Bourassa

Line No.	Revenues	1 Test Year Adjusted Results	2 Depreciation	3 Property Taxes	4 Rate Case Expenses	5 Usage Normalization	6 Intentionally Left Blank	7 Water Testing	8 Contractual Services	9 Corporate Cost Adj. Non-Labor
1	Revenues									
2	Metered Water Revenues	\$ 2,984,538				\$ 39,377				
3	Unmetered Water Revenues	48,254								
4	Other Water Revenues	\$ 3,032,792	\$ -	\$ -	\$ -	\$ 39,377	\$ -	\$ -	\$ -	\$ -
5	Operating Expenses									
6	Salaries and Wages									
7	Purchased Water	59,895								
8	Purchased Power	324,148				9,151				
9	Chemicals	4,602				130				
10	Fuel for Power Production									
11	Repairs and Maintenance									
12	Office Supplies and Expense	34,071								
13	Outside Services									
14	Contractual Services - Professional	1,039,036								
15	Contractual Services - Testing	41,807								
16	Contractual Services - Other	97,904								
17	Water Testing							(2,394)	(359,789)	86,514
18	Rents	4,169							359,789	
19	Transportation	60,352								
20	Insurance	27,865								
21	Regulatory Commission Expense	33,172								
22	Materials and Supplies	29,680								
23	Miscellaneous	61,392								
24	Depreciation	562,211	68,138							
25	Taxes Other Than Income									
26	Property Taxes	155,057		2,014						
27	Income Tax	147,142								
28										
29										
30	Total Operating Expenses	\$ 2,692,502	\$ 68,138	\$ 2,014	\$ -	\$ 9,281	\$ -	\$ (2,394)	\$ -	\$ 65,514
31	Operating Income	\$ 340,290	\$ (68,138)	\$ (2,014)	\$ -	\$ 30,096	\$ -	\$ 2,394	\$ -	\$ (65,514)
32	Other Income (Expense)									
33	Interest and Dividend Income									
34	AFUDC Income	5,045								
35	Miscellaneous Non-Utility Expenses	(500)								
36	Interest Expense	(92,250)								
37										
38	Total Other Income (Expense)	\$ (87,705)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Net Profit (Loss)	\$ 252,585	\$ (68,138)	\$ (2,014)	\$ -	\$ 30,096	\$ -	\$ 2,394	\$ -	\$ (65,514)
40										
41										
42										
43										

SUPPORTING SCHEDULES:  
 C-2  
 E-2

Liberty Utilities (Rio Rico Water & Sewer) Corp.  
 dba Liberty Utilities  
 Test Year Ended December 31, 2014  
 Income Statement

Exhibit  
 Settlement Schedule C-1  
 Page 2.2  
 Witness: Bourassa

Line No.	Revenues	9 Corporate Cost Adj. Labor	10 Corporate Cost Adj. Wage Incr.	11 Capitalized Labor	12 Postage	13 Incentives & Rents	14 Intentionally Left Blank	15 Interest Synch.	16 Income Taxes	Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1												
2	Metered Water Revenues											
3	Unmetered Water Revenues											
4	Other Water Revenues											
5												
6	Operating Expenses											
7	Salaries and Wages											
8	Purchased Water											
9	Purchased Power											
10	Chemicals											
11	Fuel for Power Production											
12	Repairs and Maintenance											
13	Office Supplies and Expense											
14	Outside Services											
15	Contractual Services - Professional											
16	Contractual Services - Testing											
17	Contractual Services - Other											
18	Water Testing											
19	Rents											
20	Transportation											
21	Insurance											
22	Regulatory Commission Expense											
23	Materials and Supplies											
24	Miscellaneous											
25	Depreciation											
26	Taxes Other Than Income											
27	Property Taxes											
28	Income Tax											
29												
30	Total Operating Expenses											
31	Operating Income											
32	Other Income (Expense)											
33	Interest and Dividend Income											
34	AFUDC Income											
35	Miscellaneous Non-Utility Expenses											
36	Interest Expense											
37												
38	Total Other Income (Expense)											
39	Net Profit (Loss)											
40												
41												
42												
43												

SUPPORTING SCHEDULES:  
 C-2  
 E-2

RECAP SCHEDULES:  
 C-1, page 1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustments to Revenues and Expenses

Exhibit  
Settlement Schedule C-2  
Page 1  
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u> Intentionally Left Blank	<u>6</u> Water Testing	<u>Subtotal</u>
2		Property	Rate	Usage			
3	<u>Depreciation</u>	<u>Taxes</u>	<u>Case Expense</u>	<u>Normalization</u>			
4	Revenues	-	-	39,377	-	-	39,377
5							
6	Expenses	68,138	2,014	9,281	-	(2,394)	77,039
7							
8	Operating						
9	Income	(68,138)	(2,014)	30,096	-	2,394	(37,662)
10							
11	Interest						
12	Expense						
13	Other						
14	Income /						
15	Expense						
16							
17	Net Income	(68,138)	(2,014)	30,096	-	2,394	(37,662)
18							
19							
20							
21		<u>Adjustments to Revenues and Expenses</u>					
22	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Subtotal</u>
23	Reclass	Corporate	Corporate	Corporate			
24	Contractual	Cost Adj.	Cost Adj.	Cost Adj.	Capitalized		
25	<u>Services</u>	<u>Non-Labor</u>	<u>Labor</u>	<u>Labor Inc</u>	<u>Labor</u>	<u>Postage</u>	
26	Revenues	-	-	-	-	-	39,377
27	Expenses	-	65,514	(20,908)	(1,273)	(4,585)	114,623
28							
29	Operating						
30	Income	-	(65,514)	20,908	1,273	4,585	(75,245)
31							
32	Interest						
33	Expense	-					
34	Other						
35	Income /						
36	Expense						
37							
38	Net Income	-	(65,514)	20,908	1,273	4,585	(75,245)
39							
40							
41							
42		<u>Adjustments to Revenues and Expenses</u>					
43	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>			<u>Total</u>
44	Intentionally	Intentionally	Interest	Income			
45	Left	Left	Synchronization	Taxes			
46	<u>Blank</u>	<u>Blank</u>					
47	Revenues	-	-	-	-	-	39,377
48	Expenses	(15,654)	-	(25,072)	-	-	73,897
49							
50	Operating						
51	Income	15,654	-	25,072	-	-	(34,520)
52							
53	Interest						
54	Expense		(4,980)				(4,980)
55	Other						
56	Income /						
57	Expense						
58							
59	Net Income	15,654	(4,980)	25,072	-	-	(39,499)

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustments to Revenues and Expenses  
Adjustment Number 1

Exhibit  
Settlement Schedule C-2  
Page 2  
Witness: Bourassa

Depreciation Expense

Line	Acct.		Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Depreciable Original Cost	Proposed Rates	Depreciation Expense
1	101	Plant-in-Service	-	-	-	0.00%	-
2	301	Organization Cost	5,785	(5,785)	-	0.00%	-
2	302	Franchise Cost	417	(417)	-	0.00%	-
3	303	Land and Land Rights	45,968	(45,968)	-	0.00%	-
4	304	Structures and Improvements	3,185,381	-	3,185,381	3.33%	106,073
5	305	Collecting and Impounding Res.	-	-	-	2.50%	-
6	306	Lake River and Other Intakes	-	-	-	2.50%	-
7	307	Wells and Springs	505,898	-	505,898	3.33%	16,846
8	308	Infiltration Galleries and Tunnels	-	-	-	6.67%	-
9	309	Supply Mains	272,502	-	272,502	2.00%	5,450
10	310	Power Generation Equipment	219,360	-	219,360	5.00%	10,968
11	311	Electric Pumping Equipment	2,321,470	-	2,321,470	12.50%	290,184
12	320	Water Treatment Equipment	0	-	0	3.33%	0
13	320.1	Water Treatment Plant	370,088	-	370,088	3.33%	12,324
14	320.2	Chemical Solution Feeders	5,409	-	5,409	20.00%	1,082
15	330	Dist. Reservoirs & Standpipe	0	-	0	2.22%	0
16	330.1	Storage tanks	690,752	-	690,752	2.22%	15,335
17	330.2	Pressure Tanks	69,778	-	69,778	5.00%	3,489
18	331	Trans. and Dist. Mains	22,819,558	-	22,819,558	2.00%	456,391
19	333	Services	4,455,157	-	4,455,157	3.33%	148,357
20	334	Meters	1,741,794	-	1,741,794	8.33%	145,091
21	335	Hydrants	637,006	-	637,006	2.00%	12,740
22	336	Backflow Prevention Devices	15,855	-	15,855	6.67%	1,058
23	339	Other Plant and Misc. Equip.	123,778	-	123,778	6.67%	8,256
24	340	Office Furniture and Fixtures	35,014	-	35,014	6.67%	2,335
25	340.1	Computers and Software	159,572	(76,919)	82,652	20.00%	16,530
26	341	Transportation Equipment	141,853	(138,029)	3,823	20.00%	765
27	342	Stores Equipment	-	-	-	4.00%	-
28	343	Tools and Work Equipment	100,632	-	100,632	5.00%	5,032
29	344	Laboratory Equipment	3,061	(3,061)	-	10.00%	-
30	345	Power Operated Equipment	-	-	-	5.00%	-
31	346	Communications Equipment	303,104	-	303,104	10.00%	30,310
32	347	Miscellaneous Equipment	5,427	-	5,427	10.00%	543
33	348	Other Tangible Plant	-	-	-	10.00%	-
34		SUBTOTAL	\$ 38,234,621	\$ (270,179)	\$ 37,964,442		\$ 1,289,159
35							
36							
37	903	Land and Land Rights	13,896	(13,896)	-	0.00%	-
38	904	Structures and Improvements	150,903	-	150,903	2.56%	3,863
39	940	Office Furniture and Fixtures	42,947	-	42,947	6.67%	2,865
40	940.1	Computers and Software	112,479	-	112,479	20.00%	22,496
41		TOTALS	\$ 38,554,845	\$ (284,075)	\$ 38,270,770		\$ 1,318,382
42							
43							
44		Less: Amortization of Contributions			Gross \$ 20,261,911	Amort. Rate 3.3957%	\$ (688,034)
45							
46							
47							\$ (688,034)
48		Total Depreciation Expense					\$ 630,348
49							
50		Adjusted Test Year Depreciation Expense					562,211
51							
52		Increase (decrease) in Depreciation Expense					68,138
53							
54		Adjustment to Revenues and/or Expenses					\$ 68,138
55							
56		<u>SUPPORTING SCHEDULE</u>					
57		B-2, page 3					

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Adjustment to Revenues and Expenses  
 Adjustment Number 2

Exhibit  
 Settlement Schedule C-2  
 Page 3  
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 3,072,169	\$ 3,072,169
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	6,144,339	6,144,339
4	Company Recommended Revenue	3,072,169	3,886,431
5	Subtotal (Line 4 + Line 5)	9,216,508	10,030,770
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,072,169	3,343,590
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,144,339	6,687,180
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	1,975	1,975
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,142,363	6,685,205
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	1,105,625	1,203,337
15	Composite Property Tax Rate - Obtained from ADOR	14.2066%	14.2066%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 157,071	\$ 170,953
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 157,071	-
19	Test Year Property Taxes	\$ 155,057	-
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ 2,014	-
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 170,953
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 157,071
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 13,881
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 13,881
27	Increase in Revenue Requirement		\$ 814,262
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.70479%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Settlement Schedule C-2  
Page 4  
Witness: Bourassa

Rate Case Expense

Line

No.

1

2

3 Estimated Rate Case Expense

\$ 165,860

4

5 Estimated Amortization Period in Years

5

6

7 Annual Rate Case Expense

\$ 33,172

8

9 Test Year Rate Case Expense

\$ 33,172

10

11 Increase(decrease) Rate Case Expense

\$ -

12

13 Adjustment to Revenue and/or Expense

\$ -

14

15

16 Reference

17 Testimony

18

19

20



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 4

Exhibit  
Settlement Schedule C-2  
Page 5  
Witness: Bourassa

Usage Normalization

Line		
<u>No.</u>		
1	Usage Normalization Adjustment per Settlement	\$ (57,384)
2	Usage Normalization Adjustment per Direct	(96,762)
3	Increase (decrease) in Revenues	<u>\$ 39,377</u>
4		
5	TY Purchased Power Expense	\$ 343,825
6	Gallons Sold During Test Year (in 1,000s)	636,008
7	Cost per 1,000 gallons	\$ 0.5406
8		
9	Additional Gallons Sold from Usage Normalization (in 1,000s) per Settlement	(22,420)
10	Additional Gallons Sold from Usage Normalization (in 1,000s) per Direct	<u>(39,347)</u>
11	Increase (decrease) in Gallons Sold	16,927
12		
13		
14	Increase (decrease) in Purchased Power	<u>\$ 9,151</u>
15		
16	TY Chemicals Expense	\$ 4,882
17	Gallons Sold During Test Year (in 1,000s)	636,008
18	Cost per 1,000 gallons	\$ 0.0077
19		
20	Increase (decrease) in Gallons Sold from Usage Normalization (in 1,000s)	16,927
21		
22	Increase (decrease) in Chemicals Expense	<u>\$ 130</u>
23		
24		
25	Adjustment to Revenue and/or Expense	<u>\$ 30,096</u>
26		
27	<u>Reference</u>	
28	Testimony	
29	Work papers	
30		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 5

Exhibit  
Settlement Schedule C-2  
Page 6  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 6

Exhibit  
Settlement Schedule C-2  
Page 7  
Witness: Bourassa

Water Testing Expense

Line

No.

1	Water Testing Expense per Staff	\$	39,413
2	Adjusted TY Water Testing Expense plus Reclass	\$	41,807
3			
4			
5			
6	Adjustment to Water Testing Expense	<u>\$</u>	<u>(2,394)</u>
7			
8			
9	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>(2,394)</u>
10			
11	<u>Reference</u>		
12	Testimony		
13	H-1		
14			
15			
16			
17			
18			
19			
20			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 7

Exhibit  
Settlement Schedule C-2  
Page 8  
Witness: Bourassa

Reclassify Contractual Services - Labor

Line

No.

1

2

Contractual Services - Professional (labor)

\$ (359,789)

3

Contractual Services - Other (labor)

359,789

4

5

6

7

Adjustment to Expenses

\$ -

8

9

10

Adjustment to Revenue and/or Expense

\$ -

11

12

Reference

13

Testimony

14

Work Papers

15

16

17

18

19

20

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 8

Exhibit  
Settlement Schedule C-2  
Page 9  
Witness: Bourassa

Corporate Cost Adjustment - Non-Labor

Line  
No.

1		
2	<u>Corporate Allocation Adjustment</u>	
3		
4	Adjusted Allocated Non-Labor Costs During Test Year per Settlement	\$ 293,956
5	Adjusted Allocated Non-Labor Costs During Test Year per Direct	\$ 228,442
6		
7	Adjustment to Contractual Services Professional	<u>\$ 65,514</u>
8		
9		
10	Adjustment to Revenue and/or Expense	<u>\$ 65,514</u>
11		
12	<u>Reference</u>	
13	Testimony	
14	Work Papers	
15		
16		
17		
18		
19		
20		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 9

Exhibit  
Settlement Schedule C-2  
Page 10  
Witness: Bourassa

Contractual Services - Labor

Line

No.

1	<u>Allocated Contract Services - Professional</u>	
2		
3	Adjusted Allocated Contractual Services APUC, LUCC and LABS per Settlement	\$ 50,745
4	Adjusted Allocated Contractual Services LU(SUB) per Settlement	329,379
5	Total	<u>\$ 380,124</u>
6	Adjusted Allocated Contractual Services - Professional (labor) per Direct	760,821
7	Required Adjustment	<u>\$ (380,696)</u>
8	Amount reclassified to Contractual Services - Other (see Rj. Adj. #7)	(359,789)
9	Net Adjustment to Contractual Services Professional	<u>\$ (20,908)</u>
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22	Adjustment to Revenue and/or Expense	<u>\$ (20,908)</u>
23		
24	<u>Reference</u>	
25	Testimony	
26	Work Papers	
27		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 10

Exhibit  
Settlement Schedule C-2  
Page 11  
Witness: Bourassa

Corporate Cost Adjustment - Labor

Line  
No.

1		
2	<u>Allocated Contract Services - Professional (Labor)</u>	
3	Allocated Labor Costs per Settlement	\$ 380,124
4	Factor (1)	6.09%
5	Increase in Labor Costs per Settlement	\$ 23,150
6	Increase in Labor Costs per Direct	46,334
7	Adjustment to Contractual Services - Professional	<u>\$ (23,184)</u>
8		
9	<u>Allocated Contract Services - Other (Labor)</u>	
10	Test Year Allocated Labor Costs	\$ 425,209
11	Factor (1)	6.09%
12	Increase in Labor Costs per Settlement	\$ 25,895
13	Increase in Labor Costs per Direct	3,984
14	Adjustment to Contractual Services - Other	<u>\$ 21,911</u>
15		
16		
17		
18	Adjustment to Revenue and/or Expense	<u>\$ (1,273)</u>
19		
20	<u>Reference</u>	
21	Testimony	
22	Work papers	
23		
24		
25	(1) Average wage increase of 3% compounded over 2 years.	
26		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 11

Exhibit  
Settlement Schedule C-2  
Page 12  
Witness: Bourassa

Capitalized Expense

Line  
No.

1	Arizona Direct Labor to be Capitalized	\$	56,054
2			
3	Updated Allocation Factor		8.18%
4			
5	Allocated Capitalized Expense	\$	4,585
6			
7	Increase (decrease) in Contractual Services - Professional	\$	<u>(4,585)</u>
8			
9			
10	Adjustment to Revenue and/or Expense	\$	<u>(4,585)</u>
11			
12			
13			
14			
15	<u>Reference</u>		
16	Testimony		
17	Work papers		
18			
19			
20			



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 12

Exhibit  
Settlement Schedule C-2  
Page 13  
Witness: Bourassa

Postage

Line

No.

1		
2	Number of Water Bills in the Test Year Including Annualized Bills	76,897
3		
4	US Postal Decrease in Postage	\$ (0.02)
5		
6	Total Adjustment to Postage Due to Postage Price Decrease	\$ (1,538)
7		
8	Water Division Allocation factor	75.67%
9		
10	Increase (decrease) in Miscellaneous Expense	\$ (1,164)
11		
12	Adjustment to Revenue and/or Expense	\$ (1,164)
13		
14		
15		
16		
17		
18		
19	<u>Reference</u>	
20	Testimony	
21	Work papers	
22		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 13

Exhibit  
Settlement Schedule C-2  
Page 14  
Witness: Bourassa

Incentive Pay and Rents

Line

No.

1

RR - Water

RR-Sewer

Bella Vista

2 Corporate

3 Contractual Services - Professional Adjustment

\$ (10,550) \$ (3,224) \$ (15,399)

4

5 Liberty Utilities Sub Corp.

6 Contractual Services - Other Adjustment

\$ (5,104) \$ (1,560) \$ (7,451)

7

8

9

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18 Reference

19 Work papers

20

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 14

Exhibit  
Settlement Schedule C-2  
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Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 15

Exhibit  
Settlement Schedule C-2  
Page 16  
Witness: Bourassa

Interest Synchronization

Line  
No.

1			
2			
3			
4	Fair Value Rate Base	\$ 10,454,760	
5	Weighted Cost of Debt	0.93%	
6	Interest Expense		\$ 97,229
7			
8	Test Year Interest Expense		<u>\$ 92,250</u>
9			
10	Increase (decrease) in Interest Expense		4,980
11			
12			
13			
14	Adjustment to Revenue and/or Expense		<u><u>\$ (4,980)</u></u>

15  
16

17 Weighted Cost of Debt Computation

	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
18			
19			
20	Debt	30.00%	3.10% 0.93%
21	Equity	70.00%	9.70% 6.79%
22	Total	100.00%	7.72%
23			
24			
25			
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27			
28			
29			
30			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Adjustment to Revenues and/or Expenses  
 Adjustment Number 16

Exhibit  
 Settlement Schedule C-2  
 Page 17  
 Witness: Bourassa

Line  
 No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

7

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12

13 SUPPORTING SCHEDULE

14 C-3, page 2

15

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30

	Test Year at Present Rates	Test Year at Proposed Rates
\$	122,070	\$ 421,113
	-	122,070
\$	122,070	\$ 299,043

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Computation of Gross Revenue Conversion Factor

Exhibit  
Settlement Schedule C-3  
Page 1  
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	37.363%
2		
3	Property Taxes	1.068%
4		
5		
6	Total Tax Percentage	38.430%
7		
8	Operating Income % = 100% - Tax Percentage	61.570%
9		
10		
11		
12		
13	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor	
14		1.6242
15		
16		
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24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.4305%					
5	Subtotal (L3 - L4)	61.5695%					
6	Revenue Conversion Factor (L1 / L5)	1.624180					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	37.3626%					
9	One Minus Combined Income Tax Rate (L7 - L8)	62.6374%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	34.1352%					
16	Effective Federal Income Tax Rate (L14 x L15)	32.4626%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		37.3626%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	37.3626%					
20	One Minus Combined Income Tax Rate (L18-L19)	62.6374%					
21	Property Tax Factor	1.7048%					
22	Effective Property Tax Factor (L20*L21)		1.0678%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.4305%			
24	Required Operating Income	\$ 807,107					
25	Adjusted Test Year Operating Income (Loss)	\$ 305,770					
26	Required Increase in Operating Income (L24 - L25)		\$ 501,337				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 421,113					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ 122,070					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 299,043				
30	Recommended Revenue Requirement	\$ 3,886,431					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 170,953					
36	Property Tax on Test Year Revenue	\$ 167,071					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 13,881				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 814,262				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Revenue	\$ 3,072,169	\$ 3,072,169	\$ 3,886,431	\$ 3,886,431	
40	Operating Expenses Excluding Income Taxes	2,844,329	2,844,329	2,658,210	2,658,210	
41	Synchronized Interest (L47)	87,229	87,229	87,229	87,229	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 330,611	\$ 330,611	\$ 1,130,992	\$ 1,130,992	
43	Arizona State Effective Income Tax Rate (see work papers)	4.9000%	4.9000%	4.9000%	4.9000%	
44	Arizona Income Tax (L42 x L43)	\$ 16,200	\$ 16,200	\$ 55,419	\$ 55,419	
45	Federal Taxable Income (L42-L44)	\$ 314,411	\$ 314,411	\$ 1,075,573	\$ 1,075,573	
46						
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 63,620	\$ 63,620	\$ 91,650	\$ 91,650	
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -	\$ 251,795	\$ 251,795	
52						
53	Total Federal Income Tax	\$ 105,870	\$ 105,870	\$ 365,695	\$ 365,695	
54	Combined Federal and State Income Tax (L35 + L42)	\$ 122,070	\$ 122,070	\$ 421,113	\$ 421,113	
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			34.1352%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]				0.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					34.1352%

Calculation of Interest Synchronization:

58	Rate Base		Water
59	Weighted Average Cost of Debt		\$ 10,454,780
60	Synchronized Interest (L59 X L60)		0.8300%
			\$ 87,229

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Summary of Cost of Capital

Exhibit  
Settlement Schedule D-1  
Page 1  
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Projected Capital Structure

Line		Percent	Cost	Weighted
<u>No.</u>	<u>Item of Capital</u>	<u>Total</u>	<u>Rate</u>	<u>Cost</u>
1	Long-Term Debt	30.00%	3.10%	0.93%
2				
3	Stockholder's Equity	70.00%	9.70%	6.79%
4				
5	Totals	100.00%		7.72%
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22	<u>SUPPORTING SCHEDULES:</u>			
23	D-1			
24	Testimony			
25				
26				
27				
28				
29				
30				



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
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Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8X3/4 Inch	Residential	\$ 2,380,134	\$ 3,028,891	\$ 648,757	27.26%	77.47%	78.16%
2	3/4 Inch	Residential	4,550	5,750	1,199	26.36%	0.15%	0.15%
3	1 Inch	Residential	31,958	40,224	8,266	25.87%	1.04%	1.04%
4	1 1/2 Inch	Residential	5,704	7,191	1,488	26.08%	0.19%	0.19%
5	2 Inch	Residential	6,720	8,469	1,749	26.03%	0.22%	0.22%
6								
7		Subtotal	2,429,066	3,090,525	661,459	27.23%	79.07%	79.76%
8								
9	5/8X3/4 Inch	Commercial	\$ 47,700	\$ 60,584	\$ 12,884	27.01%	1.55%	1.56%
10	1 Inch	Commercial	99,874	126,091	26,217	26.25%	3.25%	3.25%
11	1 1/2 Inch	Commercial	19,775	24,852	5,077	25.67%	0.64%	0.64%
12	2 Inch	Commercial	144,375	182,347	37,972	26.30%	4.70%	4.71%
13	3 Inch	Commercial	37,364	47,199	9,835	26.32%	1.22%	1.22%
14	4 Inch	Commercial	56,854	72,706	15,852	27.88%	1.85%	1.88%
15								
16								
17		Subtotal	\$ 405,943	\$ 513,779	\$ 107,836	26.56%	13.21%	13.26%
18								
19	5/8X3/4 Inch	School	\$ 383	\$ 489	\$ 106	27.76%	0.01%	0.01%
20	1 1/2 Inch	School	969	1,231	262	27.04%	0.03%	0.03%
21	2 Inch	School	31,055	39,009	7,954	25.61%	1.01%	1.01%
22	3 Inch	School	62,589	79,048	16,460	26.30%	2.04%	2.04%
23	4 Inch	School	12,624	16,074	3,450	27.33%	0.41%	0.41%
24	6 Inch	School	30,503	38,234	7,731	25.35%	0.99%	0.99%
25		Subtotal	\$ 138,122	\$ 174,084	\$ 35,963	26.04%	4.50%	4.49%
26								
27	5/8X3/4 Inch	Industrial	\$ 3,095	\$ 3,937	\$ 842	27.20%	0.10%	0.10%
28	2 Inch	Industrial	33,159	41,811	8,652	26.09%	1.08%	1.08%
29			\$ 36,254	\$ 45,748	\$ 9,493	26.19%	1.18%	1.18%
30								
31	5/8X3/4 Inch	Multi-family	\$ 3,659	\$ 4,640	\$ 981	26.81%	0.12%	0.12%
32	1 1/2 Inch	Multi-family	1,258	1,590	331	26.32%	0.04%	0.04%
33								
34		Subtotal	\$ 4,917	\$ 6,230	\$ 1,312	26.68%	0.16%	0.16%
35								
36	6 Inch	Bulk	36,310	43,557	7,247	19.96%	1.18%	1.12%
37		Fire Lines up to 8 Inch	1,085	1,085	-	0.00%	0.04%	0.03%
38								
39								
40		Total Revenues Before Annualization	\$ 3,051,697	\$ 3,875,007	\$ 823,311	26.98%	99.33%	100.00%
41								

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
Page 2  
Witness: Bourassa

Revenue Annualization									
Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
1	5/8X3/4 Inch	Residential	\$ 4,883	\$ 6,222	1,338	27.40%	169	1,015	
2	3/4 Inch	Residential	379	478	99	26.05%	10	48	
3	1 Inch	Residential	1,062	1,333	271	25.51%	15	162	
4	1 1/2 Inch	Residential	-	-	-	0.00%	-	-	
5	2 Inch	Residential	-	-	-	0.00%	-	-	
6									
7		Subtotal	\$ 6,325	\$ 8,033	1,708	27.00%	194	1,225	
8									
9	5/8X3/4 Inch	Commercial	494	626	131	26.59%	12	119	
10	1 Inch	Commercial	167	210	43	25.44%	1	40	
11	1 1/2 Inch	Commercial	463	580	117	25.33%	3	77	
12	2 Inch	Commercial	4	5	1	23.22%	-	1	
13	3 Inch	Commercial	16,050	20,265	4,216	26.27%	47	1,484	
14	4 Inch	Commercial	-	-	-	0.00%	-	-	
15									
16									
17		Subtotal	\$ 17,178	\$ 21,685	4,508	26.24%	63	1,722	
18									
19	5/8X3/4 Inch	School	(15)	(19)	(4)	0.00%	(1)	(0)	
20	1 1/2 Inch	School	-	-	-	0.00%	-	-	
21	2 Inch	School	-	-	-	0.00%	-	-	
22	3 Inch	School	-	-	-	0.00%	-	-	
23	4 Inch	School	-	-	-	0.00%	-	-	
24	6 Inch	School	-	-	-	0.00%	-	-	
25		Subtotal	(15)	(19)	(4)	27.68%	(1)	(0)	
26									
27	5/8X3/4 Inch	Industrial	-	-	-	0.00%	-	-	
28	2 Inch	Industrial	-	-	-	0.00%	-	-	
29									
30									
31	5/8X3/4 Inch	Multi-family	-	-	-	0.00%	-	-	
32	1 1/2 Inch	Multi-family	-	-	-	0.00%	-	-	
33									
34		Subtotal	-	-	-	0.00%	-	-	
35									
36	6 Inch	Bulk	3,597	3,597	-	0.00%	-	-	
37		Fire Lines up to 8 Inch	(5)	(5)	-	0.00%	(1)	-	
38									
39									
40									
41	Total Revenue Annualization			\$ 27,094	\$ 33,310	\$ 6,216	22.94%	256	2,947
42									

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Revenue Summary  
 With Annualized Revenues to Year End Number of Customers

Exhibit  
 Settlement Schedule H-1  
 Page 3  
 Witness: Bourassa

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	\$ 3,051,697	\$ 3,875,007	\$ 823,311	26.98%	99.33%	100.00%
2	27,094	33,310	6,216	22.94%	0	0
3	(57,384)	(71,087)	(13,703)	23.88%	-1.87%	-1.83%
4	\$ 3,021,407	\$ 3,837,230	\$ 815,823	27.00%	98.35%	124.90%
5						
6	\$ 48,254	\$ 48,254	-	0.00%	1.57%	1.25%
7	2,508	947	(1,561)	-62.25%	0.08%	0.02%
8	\$ 3,072,169	\$ 3,886,431	\$ 814,262	26.50%	100.00%	126.50%
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38						

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Customer Summary  
at 9.5% WACC

Exhibit  
Settlement Schedule H-2  
Page 1  
Witness: Bourassa

Line No.	Meter Size/Class	(a) Average Number of Customers at	Average Bill		Proposed Increase	
			Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	6,101	5,829 \$	31.34 \$	39.82	27.07%
2	3/4 Inch Residential	10	4,459	36.71	46.27	26.03%
3	1 Inch Residential	37	10,937	71.24	89.41	25.50%
4	1 1/2 Inch Residential	4	13,729	118.21	148.91	25.97%
5	2 Inch Residential	3	21,063	186.51	235.02	26.01%
6	Subtotal	6,155				
7						
8	5/8X3/4 Inch Commercial	81	10,978 \$	44.71 \$	56.55	26.46%
9	1 Inch Commercial	53	35,387	150.42	188.48	25.30%
10	1 1/2 Inch Commercial	11	24,783	151.15	189.50	25.37%
11	2 Inch Commercial	34	69,216	329.94	411.76	24.80%
12	3 Inch Commercial	9	31,697	341.82	431.59	26.26%
13	4 Inch Commercial	4	254,313	1,139.30	1,448.30	27.12%
14						
15	Subtotal	192				
16						
17	5/8X3/4 Inch School	2	440 \$	15.31 \$	19.56	27.76%
18	1 1/2 Inch School	1	2,583	80.75	102.59	27.04%
19	2 Inch School	11	40,576	232.37	291.26	25.35%
20	3 Inch School	2	733,833	2,598.25	3,279.55	26.22%
21	4 Inch School	1	242,167	1,042.07	1,324.86	27.14%
22	6 Inch School	1	604,167	2,519.44	3,153.13	25.15%
23	Subtotal	18				
24						
25	5/8X3/4 Inch Industrial	9	5,065 \$	26.08 \$	33.35	27.85%
26	2 Inch Industrial	4	169,708	679.24	854.04	25.73%
27	Subtotal	13				
28						
29	5/8X3/4 Inch Multi-family	7	10,428 \$	42.80 \$	54.11	26.45%
30	1 1/2 Inch Multi-family	1	9,250	104.87	132.47	26.32%
31	Subtotal	8				
32						
33	6 Inch Bulk	1	517,083	3,025.83	3,629.71	19.96%
34	Fire Lines up to 8 Inch	18	-	5.00 \$	5.00	0.00%
35						
36						
37	Total	6,404				
38						

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Customer Summary

Exhibit  
Settlement Schedule H-2  
Page 2  
Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	6,101	5,000 \$	25.89 \$	33.11	7.22	27.89%
2	3/4 Inch Residential	10	3,000	32.13	40.57	8.44	26.26%
3	1 Inch Residential	37	6,000	56.53	71.28	14.75	26.10%
4	1 1/2 Inch Residential	4	10,000	107.10	135.22	28.12	26.26%
5	2 Inch Residential	3	10,000	153.48	194.32	40.84	26.61%
6	Subtotal	6,155					
7							
8	5/8X3/4 Inch Commercial	81	2,000 \$	18.44 \$	23.74	5.30	28.76%
9	1 Inch Commercial	53	7,000	59.51	74.95	15.44	25.95%
10	1 1/2 Inch Commercial	11	14,000	119.02	149.91	30.89	25.95%
11	2 Inch Commercial	34	11,000	156.46	197.99	41.53	26.54%
12	3 Inch Commercial	9	17,000	298.02	377.62	79.60	26.71%
13	4 Inch Commercial	4	190,000	932.70	1,190.17	257.47	27.60%
14							
15	Subtotal	192					
16							
17	5/8X3/4 Inch School	2	500 \$	14.59 \$	18.72	4.03	27.43%
18	1 1/2 Inch School	1	2,000	80.51	102.30	21.78	27.06%
19	2 Inch School	11	41,364	185.44	233.44	48.00	25.88%
20	3 Inch School	2	1,881,000	1,514.63	1,906.58	391.95	25.88%
21	4 Inch School	1	242,000	1,041.51	1,324.16	282.65	27.14%
22	6 Inch School	1	654,000	2,684.66	3,362.47	677.81	25.25%
23	Subtotal	18					
24							
25	5/8X3/4 Inch Industrial	9	7,333 \$	19.93 \$	25.77	5.84	29.28%
26	2 Inch Industrial	4	262,000	415.02	519.26	104.24	25.12%
27	Subtotal	13					
28							
29	5/8X3/4 Inch Multi-family	7	8,000 \$	34.83 \$	44.13	9.30	26.69%
30	1 1/2 Inch Multi-family	1	8,500	102.63	129.71	27.08	26.39%
31	Subtotal	8					
32							
33	6 Inch Bulk	1	443,500	2,673.37	3,208.68	535.31	20.02%
34	Fire Lines up to 8 Inch	18	- \$	5.00 \$	5.00	-	0.00%
35							
36							
37	Total	6,404					
38							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
Test Year Ended December 31, 2014  
Present and Proposed Rates

Line No.	Monthly Usage Charge for: Meter Size (All Classes)	Present Rates <sup>1,2</sup>	Proposed Rates <sup>1,2</sup>	Change	Percent Change
1	5/8 inch	\$ 15.46	\$ 19.70	\$ 4.24	27.43%
2	3/4 inch	23.19	29.55	6.36	27.43%
3	1 inch	38.65	48.25	10.60	27.43%
4	1 1/2 inch	77.30	98.50	21.20	27.43%
5	2 inch	123.68	157.60	33.92	27.43%
6	3 inch	247.36	315.20	67.84	27.43%
7	4 inch	366.50	492.50	126.00	34.38%
8	6 inch	773.00	985.00	212.00	27.43%
9	8 inch	1,236.80	1,576.00	339.20	27.43%
10	10 inch	1,777.90	2,265.50	487.60	27.43%
11	12 inch	3,323.90	4,235.50	911.60	27.43%
12	Morningstar Ranch	549.00	671.00	122.00	22.22%

Fire Lines Up to 8 inch (R-14-2-408.B) Per Rule\*  
Fire Lines 10 inch (R-14-2-408.B) Per Rule\*  
Fire Lines 12 inch (R-14-2-408.B) Per Rule\*

\* Per Rule - A.A.C. R-14-2-408.B. 1 percent of monthly minimum for a comparable size meter, but no less than that \$5.00 per month. The service charge for fire sprinklers is only applicable for service line separate and distinct from the primary water service line.

Gallons In Minimum (All Classes)

Commodity Rates (All Classes)	Block	Present Rate	Proposed Rate <sup>(1)</sup>
5/8 inch	0 gallons to 3,000 gallons	\$ 1.49	\$ 2.02
	over 3,000 gallons to 9,000 gallons	\$ 2.98	\$ 3.67
	over 9,000 gallons	\$ 3.49	\$ 4.42
3/4 inch Meter	0 gallons to 4,000 gallons	\$ 2.98	\$ 3.67
	over 4,000 gallons	\$ 3.49	\$ 4.42

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

<sup>2</sup> A 5 % discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company

NT = No Tariff

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division  
 Test Year Ended December 31, 2014  
 Present and Proposed Rates

Exhibit  
 Settlement Schedule H-3  
 Page 2  
 Witness: Bourassa

Line No.	Commodity Rates (All Classes)	Block	(Per 1,000 gallons)	
			Present Rates <sup>1,2</sup>	Proposed Rates <sup>1,2</sup>
1	1 Inch Meter	0 gallons to 23,000 gallons	\$ 2.98	\$ 3.67
2		over 23,000 gallons	\$ 3.49	\$ 4.42
3	1.5 Inch Meter	0 gallons to 45,000 gallons	\$ 2.98	\$ 3.67
4		over 45,000 gallons	\$ 3.49	\$ 4.42
5	2 Inch Meter	0 gallons to 72,000 gallons	\$ 2.98	\$ 3.67
6		over 72,000 gallons	\$ 3.49	\$ 4.42
7	3 Inch Meter	0 gallons to 144,000 gallons	\$ 2.98	\$ 3.67
8		over 144,000 gallons	\$ 3.49	\$ 4.42
9	4 Inch Meter	0 gallons to 225,000 gallons	\$ 2.98	\$ 3.67
10		over 225,000 gallons	\$ 3.49	\$ 4.42
11	6 Inch Meter	0 gallons to 450,000 gallons	\$ 2.98	\$ 3.67
12		over 450,000 gallons	\$ 3.49	\$ 4.42
13	8 Inch Meter	0 gallons to 720,000 gallons	\$ 2.98	\$ 3.67
14		over 720,000 gallons	\$ 3.49	\$ 4.42
15	10 Inch Meter	0 gallons to 1,025,000 gallons	\$ 2.98	\$ 3.67
16		over 1,025,000 gallons	\$ 3.49	\$ 4.42
17	12 Inch Meter	0 gallons to 1,025,000 gallons	\$ 2.98	\$ 3.67
18		over 1,025,000 gallons	\$ 3.49	\$ 4.42
19	Morningstar Ranch Community Association	All gallons	\$ 4.79	\$ 5.72

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

<sup>2</sup> A 5% discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company

NT = No Tariff

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division**  
**Changes in Representative Rate Schedules**  
**Test Year Ended December 31, 2014**

Exhibit  
Settlement Schedule H-3  
Page 3  
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 15.00	\$ 25.00
2			
3	Reestablishment (within 12 months)	(a)	(a)
4	Reconnection (Delinquent)	\$ 15.00	\$ 30.0
5			
6	Meter test (If Correct)	\$ 15.00	\$ 30.00
7	Meter Reread (if Correct)	\$ 20.00	\$ 20.00
8	Deposit	(c)	(c)
9	Deposit Interest	(c)	6%(c)
10	NSF Check	\$ 15.00	\$ 10.00
11	Late Payment Penalty	1.5% per month	1.5% per month
12	Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month
13	Moving meter at customer request (R-14-2-405.B)	at Cost	at Cost
14	After Hours Service Call Charge (d)	\$ 50.00	\$ 50.00

(a) Per Commission Rule A.A.C. R14-2-403(D) - residential and non-residential shall pay the applicable monthly minimum charge times the number of months disconnected.

(b) Intentionally left blank.

(c) Per Commission Rule A.A.C. R14-2-403(B).

(d) At customer's request. No charge for service during normal working hours.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-409D(5).



**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division**  
**Test Year Ended December 31, 2014**  
**Meter and Service Line Charges**

Exhibit  
Settlement Schedule H-3  
Page 4  
Witness: Bourassa

Line  
No.

1						
2	<b><u>Refundable Meter and Service Line Charges</u></b>					
3						
4		Present			Proposed	
5		Present	Meter		Proposed	
6		Service	Install-	Total	Service	Meter
7		Line	ation	Present	Line	Install-
8		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
9	5/8 x 3/4 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
10	3/4 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
11	1 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
12	1 1/2 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
13	2 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
14	3 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
15	4 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
16	6 inch	At Cost	At Cost	At Cost	At Cost	At Cost
17	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
18	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
19	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost
20						
21						
22						
23						
24						
25						
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30						
31						
32						
33						
34						
35						



**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
**Test Year Ended December 31, 2014**  
**Computation of Increase in Gross Revenue**  
**Requirements As Adjusted**

**Exhibit**  
**Settlement Schedule A-1**  
**Page 1**  
**Witness: Bourassa**

Line  
No.

1	Fair Value Rate Base		\$	5,279,632	
2					
3	Adjusted Operating Income		\$	307,508	
4					
5	Current Rate of Return			5.82%	
6					
7	Required Operating Income		\$	407,613	
8					
9	Required Rate of Return on Fair Value Rate Base			7.72%	
10					
11	Operating Income Deficiency		\$	100,105	
12					
13	Gross Revenue Conversion Factor			1.6210	
14					
15	Increase in Gross Revenue Requirement		\$	162,266	
16					
17					
18	Adjusted Test Year Revenues		\$	1,478,323	
19	Increase in Gross Revenue Requirement		\$	162,266	
20	Proposed Revenue Requirement		\$	1,640,590	
21	% Increase			10.98%	
22					
23	<b>Customer</b>		<b>Present</b>	<b>Proposed</b>	<b>Dollar</b>
24	<b>Classification</b>		<b>Rates</b>	<b>Rates</b>	<b>Increase</b>
25	5/8X3/4 Inch Residential		\$ 1,112,104	\$ 1,195,512	\$ 83,408 7.50%
26	3/4 Inch Residential		4,916	5,284	369 7.50%
27	1 Inch Residential		8,085	8,691	606 7.50%
28	Subtotal		\$ 1,125,104	\$ 1,209,487	\$ 84,383 7.50%
29					
30	5/8X3/4 Inch Commercial		\$ 47,024	\$ 54,511	\$ 7,487 15.92%
31	1 Inch Commercial		54,875	64,256	9,381 17.10%
32	1 1/2 Inch Commercial		18,582	22,437	3,855 20.75%
33	2 Inch Commercial		56,017	66,870	10,853 19.37%
34	3 Inch Commercial		7,306	8,243	937 12.83%
35	4 Inch Commercial		63,195	83,173	19,979 31.61%
36	Subtotal		\$ 246,999	\$ 299,491	\$ 52,492 21.25%
37					
38	5/8X3/4 Inch Commercial (SCUSD)		\$ 1,164	\$ 1,251	\$ 87 7.50%
39	2 Inch Commercial (SCUSD)		37,639	46,484	8,845 23.50%
40	4 Inch Commercial (SCUSD)		10,668	13,289	2,621 24.57%
41	6 Inch Commercial (SCUSD)		41,955	54,632	12,677 30.22%
42	Subtotal		\$ 91,426	\$ 115,656	\$ 24,231 26.50%
43					
44	5/8X3/4 Inch Multi-tenant		\$ 4,763	\$ 5,466	\$ 703 14.76%
45	1 1/2 Inch Multi-tenant		1,389	1,539	150 10.83%
46	Subtotal		\$ 6,152	\$ 7,005	\$ 853 13.87%
47					
48	Revenue Annualization		\$ 784	\$ 897	\$ 113 14.42%
49	Subtotal		\$ 1,470,465	\$ 1,632,536	\$ 162,072 11.02%
50					
51	Other Water Revenues		7,468	7,468	- 0.00%
52	Reconciling Amount		390	584	194 49.74%
53	Rounding				0.00%
54	<b>Total of Water Revenues</b>		<b>\$ 1,478,323</b>	<b>\$ 1,640,589</b>	<b>\$ 162,266 10.98%</b>

**SUPPORTING SCHEDULES:**

B-1  
C-1  
C-3  
H-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Summary of Rate Base

Exhibit  
Settlement Schedule B-1  
Page 1  
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 14,171,387	\$ 14,171,387
3	Less: Accumulated Depreciation	5,908,976	5,908,976
4			
5	Net Utility Plant in Service	\$ 8,262,411	\$ 8,262,411
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	529,379	529,379
9			
10	Contributions in Aid of Construction	5,112,247	5,112,247
11			
12	Accumulated Amortization of CIAC	(2,943,275)	(2,943,275)
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	-	-
16	Accumulated Deferred Income Tax	276,483	276,483
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Prepayments	743	743
23	Materials and Supplies	-	-
24	Cash Working capital	(8,688)	(8,688)
25			
26	Total Rate Base	\$ 5,279,632	\$ 5,279,632
27			
28			
29			
30			
31			
32			
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38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
**Test Year Ended December 31, 2014**  
**Original Cost Rate Base Proforma Adjustments**

**Exhibit**  
**Settlement Schedule B-2**  
**Page 1**  
**Witness: Bourassa**

<u>Line No.</u>		<u>Adjusted at end of Test Year</u>	<u>Proforma Adjustment</u>	<u>Settlement Adjusted at end of Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 14,636,654	(465,266)	\$ 14,171,387
3				
4	<b>Less:</b>			
5	Accumulated			
6	Depreciation	5,901,325	7,651	5,908,976
7				
8				
9	Net Utility Plant			
10	in Service	\$ 8,735,329		\$ 8,262,411
11				
12	<b>Less:</b>			
13	Advances in Aid of			
14	Construction	529,379	-	529,379
15				
16	Contributions in Aid of			
17	Construction - Gross	5,112,247	-	5,112,247
18				
19	Accumulated Amortization of CIAC	(2,935,215)	(8,060)	(2,943,275)
20				
21	Customer Meter Deposits	-		-
22	Customer Security Deposits	-		-
23	Accumulated Deferred Income Tax	683,150	(406,667)	276,483
24				
25				
26				
27	<b>Plus:</b>			
28	Unamortized Finance			
29	Charges	-		-
30	Prepayments	743		743
31	Materials and Supplies	-		-
32	Working capital	11,300	(19,989)	(8,688)
33				
34				
35	Total	<u>\$ 5,357,811</u>		<u>\$ 5,279,632</u>

SUPPORTING SCHEDULES:  
B-2, pages 2  
E-1

RECAP SCHEDULES:  
B-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments

Exhibit  
 Settlement Schedule B-2  
 Page 2  
 Witness: Bourassa

Line No.		Adjusted at end of Test Year	1	Plant-in-Service	2	Accumulated Depreciation	Proforma Adjustments		ADIT	Cash Working Capital	Settlement Adjusted at end of Test Year
							3	4			
1	Gross Utility										
2	Plant in Service	\$ 14,636,654	(465,266)								\$ 14,171,387
3											
4	Less:										
5	Accumulated										
6	Depreciation	5,901,325			7,651						5,908,976
7											
8											
9	Net Utility Plant										
10	in Service	\$ 8,735,329	\$ (465,266)			(7,651)	\$ -	\$ -	\$ -	\$ -	\$ 8,262,411
11											
12	Less:										
13	Advances in Aid of										
14	Construction	529,379									529,379
15											
16	Contributions in Aid of										
17	Construction (CIAC)	5,112,247									5,112,247
18											
19	Accumulated Amort of CIAC	(2,935,215)					(8,060)				(2,943,275)
20											
21	Customer Meter Deposits	-									-
22	Customer Security Deposits	-									-
23	Accumulated Deferred Income Taxes	683,150							(406,667)		276,483
24											
25											
26	Plus:										
27	Unamortized Finance										
28	Charges										
29	Prepayments	743									743
30	Materials and Supplies	-									-
31	Allowance for Cash Working Capital	11,300								(19,989)	(8,688)
32											
33	Total	\$ 5,357,811	\$ (465,266)			(7,651)	\$ 8,060	\$ -	\$ 406,667	\$ (19,989)	\$ 5,279,632
34											
35											

SUPPORTING SCHEDULES:

B-2, pages 3-7  
 E-1

RECAP SCHEDULES:  
 B-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1

Exhibit  
 Settlement Schedule B-2  
 Page 3  
 Witness: Bourassa

Line No.	Acct. No.	Description	Plant-In-Service					Adjustments		E	E	G	Settlement Adjusted Original Cost
			Adjusted Original Cost	Plant Reclass	Unsupported Plant	Plant True-up	Intentionally Left Blank	Intentionally Left Blank	Corporate Plant				
1	101	Plant-in-Service	\$ 5,785	-	-	-	-	-	-	-	-	-	5,785
2	351	Organization Franchise	417	-	-	-	-	-	-	-	-	-	417
3	353	Land	7,545	-	-	-	-	-	-	-	-	-	7,545
4	354	Structures & Improvements	487,891	(189,417)	(14,369)	47,733	-	-	-	-	-	-	331,839
5	355	Power Generation	-	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewer Force	638,023	-	-	-	-	-	-	-	-	-	638,023
7	361	Collection Sewers Gravity	6,899,939	-	-	824	-	-	-	-	-	-	6,700,763
8	362	Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	1,286,513	-	-	850	-	-	-	-	-	-	1,287,363
10	364	Flow Measuring Devices	65,412	-	-	-	-	-	-	-	-	-	65,412
11	366	Reuse Services	-	-	-	-	-	-	-	-	-	-	-
12	367	Reuse Meters And Installation	-	-	-	-	-	-	-	-	-	-	-
13	370	Receiving Wells	867,120	-	-	-	-	-	-	-	-	-	867,120
14	371	Pumping Equipment	751,817	(304,005)	-	19,464	-	-	-	-	-	-	467,276
15	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-	-	-
16	375	Reuse Trans. and Dist. System	-	-	-	-	-	-	-	-	-	-	-
17	380	Treatment & Disposal Equipment	982,394	-	-	-	-	-	-	-	-	-	982,394
18	381	Plant Sewers	15,362	-	-	-	-	-	-	-	-	-	15,362
19	382	Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	-
20	389	Other Sewer Plant & Equipment	63,376	(6,205)	-	-	-	-	-	-	-	-	57,171
21	390	Office Furniture & Equipment	142,738	(32,020)	(2,147)	2,147	-	-	-	-	-	-	110,718
22	390.1	Computers and Software	4,025	32,020	-	-	-	-	-	-	-	-	36,045
23	391	Transportation Equipment	117	6,205	-	-	-	-	-	-	-	-	6,322
24	392	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-
25	393	Tools, Shop And Garage Equip	19,957	-	-	434	-	-	-	-	-	-	20,391
26	394	Laboratory Equip	6,152	-	-	(2,212)	-	-	-	-	-	-	3,940
27	395	Power Operated Equip	29,947	-	-	2	-	-	-	-	-	-	28,949
28	396	Communication Equip	6,057	-	-	(2)	-	-	-	-	-	-	6,055
29	397	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	-	-
30	398	Other Tangible Plant	3,913	-	-	-	-	-	-	-	-	-	3,913
31	398.1	Nogales WWTP	2,431,717	-	-	-	-	-	-	-	-	-	2,431,717
32	399	SUBTOTAL	14,514,216	(493,422)	(16,516)	69,241	-	-	-	-	-	-	14,073,520
33	903	Land and Land Rights	5,680	-	-	-	-	-	-	-	-	-	-
34	904	Structures and Improvements	63,809	-	-	-	-	-	(1,633)	-	-	-	4,247
35	940	Office Furniture & Equipment	6,939	-	-	-	-	-	(17,689)	-	-	-	46,119
36	940.1	Computers and Software	45,811	-	-	-	-	-	(496)	-	-	-	6,443
37	941	SUBTOTAL	122,438	-	-	-	-	-	(4,752)	-	-	-	41,059
38	942	TOTALS	\$ 14,636,654	\$ (493,422)	\$ (16,516)	\$ 69,241	\$ -	\$ -	\$ (24,570)	\$ -	\$ -	\$ -	\$ 14,171,387
39	943	Plant-in-Service per Books	-	-	-	-	-	-	-	-	-	-	-
40	944	Increase (decrease) in Plant-in-Service	-	-	-	-	-	-	-	-	-	-	-
41	945	Adjustment to Plant-in-Service	-	-	-	-	-	-	-	-	-	-	-
42	946	SUPPORTING SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
43	947	B-2, pages 3.1 to 3.7	-	-	-	-	-	-	-	-	-	-	-
44	948	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
45	949	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-
46	950	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
47	951	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-
48	952	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
49	953	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-
50	954	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
51	955	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-
52	956	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
53	957	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-
54	958	RECAP SCHEDULES	-	-	-	-	-	-	-	-	-	-	-
55	959	B-2, page 2	-	-	-	-	-	-	-	-	-	-	-

RECAP SCHEDULES  
 B-2, page 2

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - A

Exhibit  
Settlement Schedule B-2  
Page 3.1  
Witness: Bourassa

Line

No.

1 Plant Reclass

2

3

4 Acct.

5 No.

6 Description

7 2012

8 2013

9 2014

10 PTY

11 Total

12 351 Organization \$ - \$ - \$ - \$ -

13 352 Franchise - - - -

14 353 Land - - - -

15 354 Structures & Improvements - - (189,417) (189,417)

16 355 Power Generation - - - -

17 360 Collection Sewer Forced - - - -

18 361 Collection Sewers Gravity - - - -

19 362 Special Collecting Structures - - - -

20 363 Customer Services - - - -

21 364 Flow Measuring Devices - - - -

22 366 Reuse Services - - - -

23 367 Reuse Meters And Installation - - - -

24 370 Receiving Wells - - - -

25 371 Pumping Equipment - - (304,005) (304,005)

26 374 Reuse Distribution Reservoirs - - - -

27 375 Reuse Trans. and Dist. System - - - -

28 380 Treatment & Disposal Equipment - - - -

29 381 Plant Sewers - - - -

30 382 Outfall Sewer Lines - - - -

31 389 Other Sewer Plant & Equipment - (6,205) - (6,205)

32 390 Office Furniture & Equipment (32,020) - - (32,020)

33 390.1 Computers and Software 32,020 - - 32,020

34 391 Transportation Equipment - 6,205 - 6,205

35 392 Stores Equipment - - - -

36 393 Tools, Shop And Garage Equip - - - -

37 394 Laboratory Equip - - - -

38 395 Power Operated Equip - - - -

39 396 Communication Equip - - - -

40 397 Miscellaneous - - - -

41 398 Other Tangible Plant - - - -

42 398.1 Nogales WWTP - - - -

43

44

45

46

Plant Held for Future Use

TOTALS

\$ - \$ - \$ - \$ (493,422)

\$ (493,422)

SUPPORTING SCHEDULE

Testimony

Work papers

RECAP SCHEDULES:

B-2, page 3



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - B

Exhibit  
Settlement Schedule B-2  
Page 3.2  
Witness: Bourassa

Line

No.

1 Unsupported Plant

2

3

4 Acct.

5 No. Description

6 351 Organization

2012

2013

2014

Total

7 352 Franchise

\$ -

\$ -

\$ -

\$ -

8 353 Land

9 354 Structures & Improvements

(14,369)

(14,369)

10 355 Power Generation

11 360 Collection Sewer Forced

12 361 Collection Sewers Gravity

13 362 Special Collecting Structures

14 363 Customer Services

15 364 Flow Measuring Devices

16 366 Reuse Services

17 367 Reuse Meters And Installation

18 370 Receiving Wells

19 371 Pumping Equipment

20 374 Reuse Distribution Reservoirs

21 375 Reuse Trans. and Dist. System

22 380 Treatment & Disposal Equipment

23 381 Plant Sewers

24 382 Outfall Sewer Lines

25 389 Other Sewer Plant & Equipment

26 390 Office Furniture & Equipment

(2,147)

(2,147)

27 390.1 Computers and Software

28 391 Transportation Equipment

29 392 Stores Equipment

30 393 Tools, Shop And Garage Equip

31 394 Laboratory Equip

32 395 Power Operated Equip

33 396 Communication Equip

34 397 Miscellaneous Equip

35 398 Other Tangible Plant

36 398.1 Nogales WWTP

37

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44

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Plant Held for Future Use

TOTALS

\$ -

\$ -

\$ (16,516)

\$ (16,516)

SUPPORTING SCHEDULE

Testimony

Work papers

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - C

Exhibit  
Settlement Schedule B-2  
Page 3.3  
Witness: Bourassa

Line

No.

1 Plant True-Up

2

3

4 Acct.

No.	Description	2012	2013	2014	PTY	Total
5						
6	351 Organization	\$ -	\$ -	\$ -	-	\$ -
7	352 Franchise			-	-	-
8	353 Land			-	-	-
9	354 Structures & Improvements			-	47,733	47,733
10	355 Power Generation			-	-	-
11	360 Collection Sewer Forced			-	-	-
12	361 Collection Sewers Gravity			824	-	824
13	362 Special Collecting Structures			-	-	-
14	363 Customer Services			-	850	850
15	364 Flow Measuring Devices			-	-	-
16	366 Reuse Services			-	-	-
17	367 Reuse Meters And Installation			-	-	-
18	370 Receiving Wells			-	-	-
19	371 Pumping Equipment			-	19,464	19,464
20	374 Reuse Distribution Reservoirs			-	-	-
21	375 Reuse Trans. and Dist. System			-	-	-
22	380 Treatment & Disposal Equipment			-	-	-
23	381 Plant Sewers			-	-	-
24	382 Outfall Sewer Lines			-	-	-
25	389 Other Sewer Plant & Equipment			-	-	-
26	390 Office Furniture & Equipment			2,147	-	2,147
27	390.1 Computers and Software			-	-	-
28	391 Transportation Equipment			-	-	-
29	392 Stores Equipment			-	-	-
30	393 Tools, Shop And Garage Equip			65	370	434
31	394 Laboratory Equip			(2,212)	-	(2,212)
32	395 Power Operated Equip			2	-	2
33	396 Communication Equip			(2)	-	(2)
34	397 Miscellaneous Equip			-	-	-
35	398 Other Tangible Plant			-	-	-
36	398.1 Nogales WWTP			-	-	-

37

38

39

40 Plant Held for Future Use

41 TOTALS

42 \$ - \$ - \$ 824 \$ 68,417 \$ 69,241

43

44 SUPPORTING SCHEDULE

45 Testimony

46 Work papers

RECAP SCHEDULES:  
B-2, page 3

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - D

Exhibit  
Settlement Schedule B-2  
Page 3.4  
Witness: Bourassa

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Line

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - E

Exhibit  
Settlement Schedule B-2  
Page 3.5  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - F

Exhibit  
Settlement Schedule B-2  
Page 3.6  
Witness: Bourassa

Line

No.

1	<u>Corporate Plant Allocation</u>						
2			[1]	[2]	[3]	[4] = [1]x[2]x[3]	
3				Liberty	Rio Rico	Allocated	Direct
4	Acct.		Original	Utilities	Sewer	Original	Original
5	<u>No.</u>	<u>Description</u>	<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>
6	903	Land and Land Rights	1,312,818	12.94%	2.50%	4,247	5,880
7	904	Structures and Improvments	11,123,684	12.94%	2.50%	35,985	52,894
8	940.1	Computers and Software	2,187,630	12.94%	2.50%	7,077	9,212
9							(2,135)
10							
11	LU Sub-Corp. Plant						
12							
13	903	Land and Land Rights	-		2.50%	-	-
14	904	Structures and Improvments	405,370		2.50%	10,134	10,915
15	940	Office Furniture and Equipment	257,704		2.50%	6,443	6,939
16	940.1	Computers and Software	1,359,281		2.50%	33,982	36,599
17							(2,617)
18							
19							
20							
21							
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35							
36							
37							
38							
39							
40							
41							
42	Plant Held for Future Use						
43	TOTALS		<u>\$ 16,646,487</u>			<u>\$ 97,868</u>	
44							
45							
46	<u>SUPPORTING SCHEDULE</u>				<u>RECAP SCHEDULES:</u>		
47	Work papers				B-2, page 3		
48	Testimony						

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1 - G

Exhibit  
Settlement Schedule B-2  
Page 3.7  
Witness: Bourassa

Line

No.

1 Reconciliation of Plant to Plant Reconstruction

Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
101	Plant-in-Service	\$ -	\$ -	\$ -	\$ -	\$ -
351	Organization	5,785	-	-	5,785	-
352	Franchise	417	-	417	417	-
353	Land	7,545	-	7,545	7,545	-
354	Structures & Improvements	487,891	(156,052)	331,839	331,839	-
355	Power Generation	-	-	-	-	-
360	Collection Sewer Forced	636,023	-	636,023	636,023	-
361	Collection Sewers Gravity	6,699,939	824	6,700,763	6,700,763	-
362	Special Collecting Structures	-	-	-	-	-
363	Customer Services	1,286,513	850	1,287,363	1,287,363	-
364	Flow Measuring Devices	65,412	-	65,412	65,412	-
366	Reuse Services	-	-	-	-	-
367	Reuse Meters And Installation	-	-	-	-	-
370	Receiving Wells	867,120	-	867,120	867,120	-
371	Pumping Equipment	751,817	(284,540)	467,276	467,276	-
374	Reuse Distribution Reservoirs	-	-	-	-	-
375	Reuse Trans. and Dist. System	-	-	-	-	-
380	Treatment & Disposal Equipment	982,394	-	982,394	982,394	-
381	Plant Sewers	15,362	-	15,362	15,362	-
382	Outfall Sewer Lines	-	-	-	-	-
389	Other Sewer Plant & Equipment	63,376	(6,205)	57,171	57,171	-
390	Office Furniture & Equipment	142,738	(32,021)	110,718	110,718	-
390.1	Computers and Software	4,025	32,020	36,045	36,045	-
391	Transportation Equipment	117	6,205	6,322	6,322	-
392	Stores Equipment	-	-	-	-	-
393	Tools, Shop And Garage Equip	19,957	434	20,391	20,391	-
394	Laboratory Equip	6,152	(2,212)	3,940	3,940	-
395	Power Operated Equipment	29,947	2	29,949	29,949	-
396	Communication Equip	6,057	(2)	6,055	6,055	-
397	Miscellaenous Equip.	-	-	-	-	-
398	Other Tangible Plant	3,913	-	3,913	3,913	-
398.1	Nogales WWTP	2,431,717	-	2,431,717	2,431,717	-
TOTALS		\$ 14,514,216	\$ (440,696)	\$ 14,067,735	\$ 14,073,520	\$ -

46 SUPPORTING SCHEDULE

47 B-2, pages 3.1 through 3.7

48 B-2, pages 3.8 through 3.10

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp.  
Sewer Division  
Plant Additions and Retirements

Exhibit  
Settlement Schedule B-2  
Page 3.8  
Witness: Bournassa

Line No.	NAUC Account No.	Description	Allowed Deprec. Rate	Per Decision				2012					10 Months Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant at 2/28/2012	Accum. Deprec. At 2/28/2012	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Adjusted Plant Retirements (Per Books)	Adjusted Plant Retirements	Adjusted Plant Balance	Salvage A/D Only			
1	351	Organization	0.00%	5,785	-	-	-	-	-	-	5,785	-	-	-	-
2	352	Franchise	0.00%	417	-	-	-	-	-	-	417	-	-	-	-
3	353	Land	0.00%	7,545	-	-	-	-	-	-	7,545	-	-	-	-
4	354	Structures & Improvements	3.33%	190,294	28,911	10,934	-	10,934	-	-	10,934	-	4,321	161,110	33,232
5	355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
6	356	Collection Sewer Force	2.00%	630,023	1,910	-	-	-	-	-	-	-	10,600	636,023	12,511
7	361	Collection Sewers Gravity	2.00%	5,991,239	2,598,792	-	-	-	-	-	-	-	103,251	6,398,868	2,700,043
8	362	Special Collecting Structures	2.00%	-	-	28	407,724	407,630	-	-	407,630	-	-	-	-
9	363	Customer Services	2.00%	1,204,113	669,888	8,015	(438)	7,577	0	0	7,577	-	20,132	1,211,890	880,030
10	364	Flow Measuring Devices	10.00%	66,338	51,174	-	(828)	(828)	-	-	-	-	5,480	65,412	59,664
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	-	-
13	370	Retaining Walls	3.33%	867,120	330,148	-	-	-	-	-	-	-	24,063	867,120	354,210
14	371	Pumping Equipment	12.50%	208,760	(48,566)	-	-	-	-	-	-	-	21,736	208,760	(28,020)
15	371	Pumping Equipment	12.50%	2012	-	105,964	-	105,139	190	190	105,139	-	5,476	105,139	5,476
16	371	Pumping Equipment	12.50%	2013	-	-	-	-	-	-	-	-	-	-	-
17	371	Pumping Equipment	12.50%	2014	-	-	-	-	-	-	-	-	-	-	-
18	371	Pumping Equipment	12.50%	PTY	-	-	-	-	-	-	-	-	-	-	-
19	371	Pumping Equipment	12.50%	208,760	(48,566)	105,964	-	105,139	190	190	105,139	-	27,212	313,709	(22,844)
20	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
21	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
22	380	Treatment & Disposal Equipment	5.00%	976,033	815,247	5,120	2,864	7,751	185	185	7,751	-	40,784	982,569	855,835
23	381	Plant Sewers	5.00%	13,860	97	1,972	-	1,672	-	-	1,672	-	605	15,362	602
24	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
25	389	Other Sewer Plant & Equipment	6.67%	84,928	64,650	-	(7,768)	(7,768)	-	-	(7,768)	-	(6,940)	97,170	57,710
26	390	Office Furniture & Equipment	6.67%	116,837	31,367	-	(6,483)	(6,483)	-	-	(6,483)	-	8,320	110,454	37,707
27	390.1	Computers and Software	20.00%	4,025	4,025	-	-	-	-	-	-	-	-	4,025	4,025
28	391	Transportation Equipment	20.00%	117	10	-	-	-	-	-	-	-	20	117	29
29	392	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-
30	393	Tools, Shop And Garage Equip	5.00%	5,139	4,938	2,513	-	2,513	-	-	2,513	-	222	7,652	5,197
31	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
32	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
33	396	Communication Equip	10.00%	5,936	5,936	-	-	-	-	-	-	-	-	5,936	5,936
34	397	Miscellaneous Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
35	398	Other Tangible Plant	10.00%	3,913	3,913	-	-	-	-	-	-	-	-	3,913	3,913
36	398.1	Nogales WWTP	4.72%	2,424,804	139,454	7,113	-	7,113	-	-	7,113	-	95,508	2,431,717	234,961
37															
38															
39															
40															
41															
42															
		Plant Held for Future Use													
		TOTALS		12,751,957	4,698,862	140,958	394,761	535,042	385	385	13,286,514	-	331,585	13,286,514	5,030,083

Liberty Utilities [Rio Rico Water & Sewer] Corp.  
Sewer Division  
Plant Additions and Refinements

Exhibit  
Settlement Schedule B-2  
Page 3.9  
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2013										
				Plant Additions (Per Books)	Plant Adjustments	Amortize Profit	RC Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Refinements	Salvage Add Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-	5,785	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	417	-
3	353	Land	0.00%	-	-	-	-	-	-	-	-	-	7,546	-
4	354	Structures & Improvements	3.33%	13,094	-	-	-	13,094	-	-	-	5,553	174,204	38,815
5	355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-
6	380	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	12,720	638,023	25,231
7	381	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-	130,835	9,684,001	2,830,877
8	382	Special Collecting Structures	2.00%	265,732	-	-	-	265,732	-	-	-	-	-	-
9	383	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	384	Flow Measuring Devices	2.00%	65,137	-	-	-	65,137	307	307	-	24,882	1,278,520	714,805
11	368	Reuse Services	10.00%	-	-	-	-	-	-	-	-	6,541	65,412	63,205
12	367	Reuse Meters And Installation	2.00%	-	-	-	-	-	-	-	-	-	-	-
13	370	Receiving Wells	8.33%	-	-	-	-	-	-	-	-	-	-	-
14	371	Pumping Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-
15	371	Pumping Equipment	12.50%	-	-	-	-	-	-	8,059	-	28,875	867,120	383,089
16	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	26,598	200,511	(10,512)
17	371	Pumping Equipment	12.50%	62,376	-	(50)	-	62,326	-	-	-	13,142	105,139	18,818
18	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	3,895	62,328	3,895
19	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-
20	374	Reuse Distribution Reservoirs	12.50%	62,376	-	(50)	-	62,326	8,059	8,059	-	42,505	367,975	12,002
21	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-
22	380	Treatment & Disposal Equipment	2.50%	-	-	-	-	-	-	-	-	-	-	-
23	381	Plant Sewers	5.00%	-	(195)	-	-	(195)	-	-	-	49,125	982,384	904,960
24	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-	-	768	15,362	1,430
25	389	Other Sewer Plant & Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-
26	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	-	-	-	-
27	390.1	Computers and Software	6.67%	32,020	-	-	(32,020)	-	-	-	-	7,367	110,454	45,074
28	391	Transportation Equipment	20.00%	-	-	-	32,020	32,020	-	-	-	3,202	36,045	7,227
29	392	Stores Equipment	20.00%	-	-	-	-	-	-	-	-	23	117	53
30	393	Tools, Shop And Garage Equip	4.00%	-	-	-	-	-	-	-	-	-	-	-
31	394	Laboratory Equip	5.00%	123	-	-	-	123	-	-	-	163	7,775	8,320
32	395	Power Operated Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
33	396	Communication Equip	5.00%	-	-	-	-	-	-	-	-	-	-	-
34	397	Miscellaneous Equip	10.00%	-	-	-	-	-	-	-	-	-	5,938	5,938
35	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-
36	398.1	Nogales WWTP	10.00%	-	-	-	-	-	-	-	-	3,913	3,913	-
37			4.72%	-	-	-	-	-	-	-	-	114,777	2,431,717	349,738
38				-	-	-	-	-	-	-	-	-	-	-
39				-	-	-	-	-	-	-	-	-	-	-
40				-	-	-	-	-	-	-	-	-	-	-
41		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	-
42		TOTALS		453,433	(195)	(50)	-	453,238	8,368	8,368	-	427,467	13,736,408	5,449,153



Liberty Utilities (Rio Rico Water & Sewer) Corp.  
Sewer Division  
Plant Additions and Refinements

Exhibit  
Settlement Schedule B-2  
Page 3.10  
Witness: Bourgeois

Line No.	NAIUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Amort Profit Plant Adjustments	RC Adjustments	Adjusted Plant Additions	Plant Refinements (Per Books)	Adjusted Plant Refinements	PTV Plant	Salvage A/D Only	PTV Plant	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-	-	-	5,785	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	-	-	417	-
3	353	Land	0.00%	-	-	-	-	-	-	-	-	-	-	-	7,545	-
4	354	Structures & Improvements	3.33%	109,813	-	-	(14,368)	95,444	-	-	1,035	-	-	7,360	331,839	47,240
5	355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
6	390	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
7	391	Collection Sewer Gravity	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
8	392	Special Collecting Structures	2.00%	19,987	(26,808)	-	824	(6,114)	-	-	22,276	-	-	12,720	636,023	37,951
9	393	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	5,589	-	-	-	5,589	1,230	1,230	65	-	-	25,574	1,267,363	739,014
11	368	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-	65,412	-
12	367	Reuse Meters And Installation	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
14	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	867,120	411,951
15	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	200,511	14,552
16	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	105,139	31,781
17	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	62,339	11,886
18	371	Pumping Equipment	12.50%	79,455	-	-	-	79,455	-	-	-	-	-	-	79,455	4,865
19	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
20	374	Reuse Distribution Reservoirs	2.50%	79,455	-	-	-	79,455	-	-	1,240	-	-	50,953	19,846	1,240
21	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
22	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
23	381	Plant Sewers	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
24	382	Orfital Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	-	982,364	954,080
25	398	Other Sewer Plant & Equipment	6.67%	6,205	-	-	(6,205)	-	-	-	-	-	-	-	15,352	2,196
26	390	Office Furniture & Equipment	6.67%	264	-	-	(0)	264	-	-	-	-	-	-	57,171	57,171
27	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	110,718	52,450
28	391	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-	36,045	13,631
29	392	Stores Equipment	4.00%	-	-	-	-	6,205	-	-	-	-	-	-	6,322	897
30	393	Tools, Shop And Garage Equip	5.00%	783	-	-	65	848	-	-	-	-	-	-	-	-
31	394	Laboratory Equip	10.00%	6,192	-	-	(2,212)	3,940	-	-	284	-	-	153	20,391	5,767
32	395	Power Operated Equipment	5.00%	-	-	-	2	2	-	-	-	-	-	197	3,940	197
33	396	Communication Equip	10.00%	121	-	-	(2)	119	-	-	749	-	-	0	29,949	749
34	397	Miscellaneous Equip	10.00%	-	-	-	(2)	-	-	-	-	-	-	119	6,055	6,055
35	398	Other Targeble Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
36	398.1	Nogales WWTP	4.72%	-	-	-	-	-	-	-	-	-	-	-	3,913	3,913
37				-	-	-	-	-	-	-	-	-	-	114,777	2,431,717	464,515
38				-	-	-	-	-	-	-	-	-	-	-	-	-
39				-	-	-	-	-	-	-	-	-	-	-	-	-
40				-	-	-	-	-	-	-	-	-	-	-	-	-
41		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	-	-	-
42		TOTALS		228,230	(26,808)	-	(15,692)	185,731	1,230	1,230	3,607	-	152,532	440,918	14,073,520	5,892,478

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2

Exhibit  
 Settlement Schedule B-2  
 Page 4  
 Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	A	B	C	D	E	F	G	H	I
			Adjusted Accum. Depr.	Unallocated Plant	Plant In-use	Intentionally Left Blank	Intentionally Left Blank	Allocated Corporate Plant	PTY Plant Depreciation	Adjustments to Reconcile A/D to Reconstruction	Settlement Adjusted Accum. Depr.
1	108	Accumulated Depreciation									
2	351	Organization									
3	352	Franchise									
4	353	Land									
5	354	Structures & Improvements	48,444	(239)					1,035		47,240
6	355	Power Generation									
7	360	Collection Sewers Forced	37,951								37,951
8	361	Collection Sewers Gravity	2,964,500						223		2,964,731
9	362	Special Collecting Structures									
10	363	Customer Services	738,949						65		739,014
11	364	Flow Measuring Devices	65,412								65,412
12	366	Reuse Services									
13	367	Reuse Meters And Installation									
14	370	Receiving Wells	411,961								411,961
15	371	Pumping Equipment	62,965						1,240		64,205
16	374	Reuse Distribution Reservoirs									
17	375	Reuse Trans. and Dist. System									
18	380	Treatment & Disposal Equipment	964,080								964,080
19	381	Plant Sewers	2,188								2,188
20	382	Outfall Sewer Lines									
21	389	Other Sewer Plant & Equipment	57,917								57,917
22	390	Office Furniture & Equipment	55,654	(72)	72						52,450
23	390.1	Computers and Software	4,025								13,631
24	391	Transportation Equipment	76								687
25	392	Stores Equipment									
26	393	Tools, Shop And Garage Equip	5,471						294		5,767
27	394	Laboratory Equip	308		(111)						197
28	395	Power Operated Equipment			0				749		749
29	396	Communication Equip	6,057		(0)					(2)	6,055
30	397	Miscellaneous Equip.									
31	398	Other Tangible Plant	3,913								3,913
32	398.1	Nogales WWTP	464,515								464,515
33		SUBTOTAL	5,882,397	(311)	(29)				3,607	(2)	5,882,478
34	903	Land and Land Rights									
35	904	Structures and Improvements	2,875								2,875
36	940	Office Furniture & Equipment	538					(500)			38
37	940.1	Computers and Software	15,515					(41)			15,474
38								(1,888)			(1,888)
39		Plant Held for Future Use									
40		TOTALS	\$ 5,901,325	\$ (311)	\$ (29)	\$ -	\$ -	\$ (2,430)	\$ 3,607	\$ (2)	\$ 5,908,976
41		Accumulated Depreciation per Books									\$ 5,901,325
42		Increase (decrease) in Accumulated Depreciation									\$ 7,651
43		Adjustment to Accumulated Depreciation									\$ 7,651

RECAP SCHEDULES  
 B-2, page 2

SUPPORTING SCHEDULES  
 B-2, pages 4.1 through 4.8

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - A

Exhibit  
Settlement Schedule B-2  
Page 4.1  
Witness: Bourassa

Line

No.

1 Plant Reclass

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Acct.	No.	Description	Depr Rate	2012	2013	2014	Total
	351	Organization	0.00%	-	-	-	\$ -
	352	Franchise	0.00%	-	-	-	-
	353	Land	0.00%	-	-	-	-
	354	Structures & Improvements	3.33%	-	-	-	-
	355	Power Generation	5.00%	-	-	-	-
	360	Collection Sewer Forced	2.00%	-	-	-	-
	361	Collection Sewers Gravity	2.00%	-	-	-	-
	362	Special Collecting Structures	2.00%	-	-	-	-
	363	Customer Services	2.00%	-	-	-	-
	364	Flow Measuring Devices	10.00%	-	-	-	-
	366	Reuse Services	2.00%	-	-	-	-
	367	Reuse Meters And Installation	8.33%	-	-	-	-
	370	Receiving Wells	3.33%	-	-	-	-
	371	Pumping Equipment	12.50%	-	-	-	-
	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-
	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-
	380	Treatment & Disposal Equipment	5.00%	-	-	-	-
	381	Plant Sewers	5.00%	-	-	-	-
	382	Outfall Sewer Lines	3.33%	-	-	-	-
	389	Other Sewer Plant & Equipment	6.67%	-	-	(207)	(207)
	390	Office Furniture & Equipment	6.67%	-	(1,068)	(2,136)	(3,204)
	390.1	Computers and Software	20.00%	-	3,202	6,404	9,606
	391	Transportation Equipment	20.00%	-	-	621	621
	392	Stores Equipment	4.00%	-	-	-	-
	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-
	394	Laboratory Equip	10.00%	-	-	-	-
	395	Power Operated Equip	5.00%	-	-	-	-
	396	Communication Equip	10.00%	-	-	-	-
	397	Miscellaneous Equipment	10.00%	-	-	-	-
	398	Other Tangible Plant	10.00%	-	-	-	-
	398.1	Nogales WWTP	4.72%	-	-	-	-

TOTALS

\$ - \$ 2,134 \$ 4,682 \$ - \$ - \$ 6,816

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - B

Exhibit  
Settlement Schedule B-2  
Page 4.2  
Witness: Bourassa

Line

No.

1 Unsupported Plant

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4 Acct.

5 No.

6 Description

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Depr						
Rate	2012	2013	2014	Total		
0.00%	-	-	-	\$	-	
0.00%	-	-	-		-	
0.00%	-	-	-		-	
3.33%	-	-	(239)		(239)	
5.00%	-	-	-		-	
2.00%	-	-	-		-	
2.00%	-	-	-		-	
2.00%	-	-	-		-	
2.00%	-	-	-		-	
10.00%	-	-	-		-	
2.00%	-	-	-		-	
8.33%	-	-	-		-	
3.33%	-	-	-		-	
12.50%	-	-	-		-	
2.50%	-	-	-		-	
2.50%	-	-	-		-	
5.00%	-	-	-		-	
5.00%	-	-	-		-	
3.33%	-	-	-		-	
6.67%	-	-	-		-	
6.67%	-	-	(72)		(72)	
20.00%	-	-	-		-	
20.00%	-	-	-		-	
4.00%	-	-	-		-	
5.00%	-	-	-		-	
10.00%	-	-	-		-	
5.00%	-	-	-		-	
10.00%	-	-	-		-	
10.00%	-	-	-		-	
10.00%	-	-	-		-	
10.00%	-	-	-		-	
4.72%	-	-	-		-	

TOTALS

\$ - \$ - \$ (311) \$ - ## \$ (311)

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - C

Exhibit  
Settlement Schedule B-2  
Page 4.3  
Witness: Bourassa

Line

No.

Plant True-up

Acct.	No.	Description	Depr Rate	2012	2013	2014	Total
351		Organization	0.00%	-	-	-	\$ -
352		Franchise	0.00%	-	-	-	-
353		Land	0.00%	-	-	-	-
354		Structures & Improvements	3.33%	-	-	-	-
355		Power Generation	5.00%	-	-	-	-
360		Collection Sewer Forced	2.00%	-	-	-	-
361		Collection Sewers Gravity	2.00%	-	-	8	8
362		Special Collecting Structures	2.00%	-	-	-	-
363		Customer Services	2.00%	-	-	-	-
364		Flow Measuring Devices	10.00%	-	-	-	-
366		Reuse Services	2.00%	-	-	-	-
367		Reuse Meters And Installation	8.33%	-	-	-	-
370		Receiving Wells	3.33%	-	-	-	-
371		Pumping Equipment	12.50%	-	-	-	-
374		Reuse Distribution Reservoirs	2.50%	-	-	-	-
375		Reuse Trans. and Dist. System	2.50%	-	-	-	-
380		Treatment & Disposal Equipment	5.00%	-	-	-	-
381		Plant Sewers	5.00%	-	-	-	-
382		Outfall Sewer Lines	3.33%	-	-	-	-
389		Other Sewer Plant & Equipment	6.67%	-	-	-	-
390		Office Furniture & Equipment	6.67%	-	-	72	72
390.1		Computers and Software	20.00%	-	-	-	-
391		Transportation Equipment	20.00%	-	-	-	-
392		Stores Equipment	4.00%	-	-	-	-
393		Tools, Shop And Garage Equip	5.00%	-	-	2	2
394		Laboratory Equip	10.00%	-	-	(111)	(111)
395		Power Operated Equip	5.00%	-	-	0	0
396		Communication Equip	10.00%	-	-	(0)	(0)
397		Miscellaneous Equipment	10.00%	-	-	-	-
398		Other Tangible Plant	10.00%	-	-	-	-
398.1		Nogales WWTP	4.72%	-	-	-	-

TOTALS

\$ - \$ - \$ (29) \$ - # \$ (29)

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:  
B-2, page 4

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2- D

Exhibit  
Settlement Schedule B-2  
Page 4.4  
Witness: Bourassa

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**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - E

Exhibit  
Settlement Schedule B-2  
Page 4.5  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - F

Exhibit  
Settlement Schedule B-2  
Page 4.6  
Witness: Bourassa

Line  
No.

1	<u>Corporate Plant</u>						
2		[1]	[2]	[3]	[4] = [1]x[2]x[3]		
3			Liberty	Rio Rico	Allocated	Direct	
4	Acct.		Utilities	Sewer	Original	Original	Increase
5	<u>No.</u> <u>Description</u>	<u>A/D</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>	<u>(Decrease)</u>
6	903 Land and Land Rights	\$ -	12.94%	2.50%	-	-	-
7	904 Structures and Improvements	309,237	12.94%	2.50%	1,000	1,356	(356)
8	940.1 Computers and Software	65,442	12.94%	2.50%	212	921	(710)
9							
10	<u>LU Sub-Corp. Plant</u>						
11							-
12	903 Land and Land Rights	-		2.50%	-	-	-
13	904 Structures and Improvements	74,974		2.50%	1,874	2,019	(144)
14	940 Office Furniture and Equipment	21,535		2.50%	538	580	(41)
15	940.1 Computers and Software	612,134		2.50%	15,303	16,482	(1,178)
16							
17							
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42	TOTALS	\$1,083,322			\$ 18,928	\$ 21,358	\$ (2,430)

45 SUPPORTING SCHEDULE  
46 Work papers  
47

RECAP SCHEDULES:  
B-2, page 4



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - G

Exhibit  
Settlement Schedule B-2  
Page 4.7  
Witness: Bourassa

Line

No.

Post-Test Year Plant Accumulated Depreciation

Acct.		Direct PTY		Adjusted PTY	Depr Rate	Depr (1/2 Year) PTY
No.	Description	Plant Balance	Adjustments	Plant Balance		
101	Plant-in-Service	\$ -	\$ -	\$ -	0.00%	\$ -
351	Organization	-	-	-	0.00%	-
352	Franchise	-	-	-	0.00%	-
353	Land	-	-	-	0.00%	-
354	Structures & Improvements	203,874	(141,684)	62,190	3.33%	1,035
355	Power Generation	-	-	-	5.00%	-
360	Collection Sewer Forced	-	-	-	2.00%	-
361	Collection Sewers Gravity	22,276	-	22,276	2.00%	223
362	Special Collecting Structures	-	-	-	2.00%	-
363	Customer Services	5,654	850	6,504	2.00%	65
364	Flow Measuring Devices	-	-	-	10.00%	-
366	Reuse Services	-	-	-	2.00%	-
367	Reuse Meters And Installation	-	-	-	8.33%	-
370	Receiving Wells	-	-	-	3.33%	-
371	Pumping Equipment	304,386	(284,540)	19,846	12.50%	1,240
374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
375	Reuse Trans. and Dist. System	-	-	-	2.50%	-
380	Treatment & Disposal Equipment	-	-	-	5.00%	-
381	Plant Sewers	-	-	-	5.00%	-
382	Outfall Sewer Lines	-	-	-	3.33%	-
389	Other Sewer Plant & Equipment	-	-	-	6.67%	-
390	Office Furniture & Equipment	-	-	-	6.67%	-
390.1	Computers and Software	-	-	-	20.00%	-
391	Transportation Equipment	-	-	-	20.00%	-
392	Stores Equipment	-	-	-	4.00%	-
393	Tools, Shop And Garage Equip	11,399	370	11,769	5.00%	294
394	Laboratory Equip	-	-	-	10.00%	-
395	Power Operated Equipment	29,947	-	29,947	5.00%	749
396	Communication Equip	-	-	-	10.00%	-
397	Miscellaenous Equip.	-	-	-	10.00%	-
398	Other Tangible Plant	-	-	-	10.00%	-
398.1	Nogales WWTP	-	-	-	4.72%	-
TOTALS		\$ 577,537	\$ (425,005)	\$ 152,532		\$ 3,607

SUPPORTING SCHEDULE

Work Papers

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2 - H

Exhibit  
Settlement Schedule B-2  
Page 4.8  
Witness: Bourassa

Line

No.

1 Reconciliation of A/D to A/D Reconstruction

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Acct.		Original	B-2	Adjusted	Plant	
No.	Description	Cost	Adjustments	Original	Per	Difference
				Cost	Reconstruction	
108	Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
351	Organization	-	-	-	-	-
352	Franchise	-	-	-	-	-
353	Land	-	-	-	-	-
354	Structures & Improvements	46,444	796	47,240	47,240	-
355	Power Generation	-	-	-	-	-
360	Collection Sewer Forced	37,951	-	37,951	37,951	-
361	Collection Sewers Gravity	2,964,500	231	2,964,731	2,964,731	-
362	Special Collecting Structures	-	-	-	-	-
363	Customer Services	738,949	65	739,014	739,014	-
364	Flow Measuring Devices	65,412	-	65,412	65,412	-
366	Reuse Services	-	-	-	-	-
367	Reuse Meters And Installation	-	-	-	-	-
370	Receiving Wells	411,961	-	411,961	411,961	-
371	Pumping Equipment	62,965	1,240	64,205	64,205	-
374	Reuse Distribution Reservoirs	-	-	-	-	-
375	Reuse Trans. and Dist. System	-	-	-	-	-
380	Treatment & Disposal Equipment	954,080	-	954,080	954,080	-
381	Plant Sewers	2,198	-	2,198	2,198	-
382	Outfall Sewer Lines	-	-	-	-	-
389	Other Sewer Plant & Equipment	57,917	(207)	57,710	57,710	-
390	Office Furniture & Equipment	55,654	(3,204)	52,450	52,450	-
390.1	Computers and Software	4,025	9,606	13,631	13,631	-
391	Transportation Equipment	76	621	697	697	-
392	Stores Equipment	-	-	-	-	-
393	Tools, Shop And Garage Equip	5,471	296	5,767	5,767	-
394	Laboratory Equip	308	(111)	197	197	-
395	Power Operated Equipment	-	749	749	749	-
396	Communication Equip	6,057	(0)	6,057	6,055	(2)
397	Miscellaneous Equipment	-	-	-	-	-
398	Other Tangible Plant	3,913	-	3,913	3,913	-
398.1	Nogales WWTP	464,515	-	464,515	464,515	-
TOTALS		\$ 5,882,397	\$ 10,083	\$ 5,892,479	\$ 5,892,478	\$ (2)

SUPPORTING SCHEDULE

B-2, pages 4.1

B-2, pages 3.8 through 3.10

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 3

Exhibit  
Settlement Schedule B-2  
Page 5  
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line  
No.

1			
2			
3			
4		Gross CIAC	Accumulated Amortization
5	Computed balance at End of Test Year	\$ 5,112,247	\$ 2,943,275
6			
7	Adjusted balance at End of Test Year	\$ 5,112,247	\$ 2,935,215
8			
9	Increase (decrease)	\$ -	\$ 8,060
10			
11			
12	Adjustment to CIAC/AA CIAC	\$ -	\$ (8,060)
13	Label	3a	3b
14			
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19 SUPPORTING SCHEDULES

20 E-1  
21 B-2, page 5.1

RECAP SCHEDULES:

B-2, page 2

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berty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Divisi-  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Contributions-in-aid of Construction and Amortization  
 Adjustment 3

Exhibit  
 Settlement Schedule B-2  
 Page 5.1  
 Witness: Bourassa

Line No.	Per Decision	2012		2013		2014	
		Balance 2/28/2012	Balance 12/31/2012	Additions	Balance 12/31/2013	Additions	Balance 12/31/2014
1							
2							
3							
4							
5	CIAC	5,152,673	5,112,247	-	5,112,247	-	5,112,247
6							
7	Rate Case Adj - AIAC error		(281,316)				
8	Rate Case Adj - AIAC error		220,890				
9							
10	Amortization Decision No. 58743						
11	Amortization Rate	0.38%	2.51%		3.14%		3.17%
12	Amortization	19,594	129,418		180,453		182,267
13	Accumulated Amortization	2,491,137	2,620,555		2,781,008		2,943,275
14							
15	Net CIAC	2,661,536	2,491,891	-	2,331,239	-	2,168,972

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Original Cost Rate Base Proforma Adjustments  
Adjustment 4  
Advances-in-Aid of Construction (AIAC)

Exhibit  
Settlement Schedule B-2  
Page 6  
Witness: Bourassa

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Computed balance at End of Test Year

\$ 529,379

Book balance at End of Test Year

\$ 529,379

Increase (decrease)

\$ -

SUPPORTING SCHEDULES

E-1

B-2, page 6.1

RECAP SCHEDULES:

B-2, page 2

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Advances-in-Aid of Construction (AIAC)

Exhibit  
 Settlement Schedule B-2  
 Page 6.1  
 Witness: Bourassa

Line No.		2012		2013		2014	
		Per Decision Balance 2/29/2012	Activity 12/31/2012	Balance 12/31/2012	Activity 12/31/2013	Balance 12/31/2013	Activity 12/31/2014
1							
2							
3							
4							
5	AIAC additions	293,794					
6	Refunds			188,837			
7	Rate Case Adj - Adjust to move to CIAC		(4,531)		342,525	530,890	
8	Rate Case Adj - AIAC in Process		(220,890)		(5,472)		(1,511)
9	Rate Case Adj - IAD		95,000				
10	AIAC in Process		22,963				
11	IAD		2,500		5,000		
12							
13							
14	Total AIAC	293,794	(104,958)	188,837	342,053	530,890	(1,511)
15							
16							
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27							

AIAC agreement was originally posted to CIAC pre acquisition in 2003 for 261,316. The contract was only for 5 yrs however AIAC was refunded for 8 years. Journal entries were never made to correct the GL accounts. So in 2011 an entry to move the bal to CIAC should have been 220,889.63

AIAC in process rate case adjustment was for the AIAC in process that was taken in 2008 but was not included in the AIAC amount. In the 2012 rate case the 95000 was subtracted out.

IAD Rate case adj - the deposit was not added the previous rate case AIAC amount

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment 6

Exhibit  
 Settlement Schedule B-2  
 Page 7.0  
 Witness: Bourassa

Line No.	Deferred Income Tax as of December 31, 2014				Effective Tax Rate	Future Tax Asset		Future Tax Liability	
	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized		Current	Non Current	Current	Non Current
1	Plant-In-Service	\$ 52,254,628 <sup>1</sup>							
2	Accum. Deprec.	(22,235,285) <sup>1</sup>							
3	CIAC	(13,104,626) <sup>3</sup>							
4	Fixed Assets	\$ 16,914,718	\$ 13,960,888 <sup>2</sup>	100.0%	\$ (2,953,829)				(965,202)
5	Fixed Assets	\$ 16,914,718	\$ 14,063,222 <sup>2</sup>	100.0%	\$ (2,851,496)				(139,723)
6	Fed. & State AIAC		783,815 <sup>4</sup>	100.0%	\$ 783,815 <sup>4</sup>	\$ 284,529			
7	Net Asset (Liability)					\$ (810,397)		\$ -	\$ (1,104,926)
8	Allocation Factor - Wastewater-Division (based on rate base before ADIT)					0.3367			
9	Net Asset (Liability) Water Division					\$ (272,880)			
10	Allocated Corporate ADIT <sup>5</sup>					\$ (3,603)			
11	Total Asset (Liability) Wastewater Division					\$ (276,483)			
12	DIT Asset (Liability) per Direct					\$ (683,150)			
13	Adjustment to DIT					\$ (406,667)			

Footnotes - See page 7.1

RECAP SCHEDULES:  
 B-2, page 2

**Subtotal**  
**Meter and Service Line Installation Charges per adjusted book balances**  
**Total realizable AIAC**

FEDERAL		STATE	
\$ 27,137,977		\$ 28,144,708	
		-	
2,067,697		2,067,697	
		-	
		-	
		-	
	\$ 29,205,674		\$ 30,212,405
\$ (15,200,060)		\$ (16,104,457)	
		-	
(44,725)		(44,725)	
-		-	
-		-	
	(15,244,785)		(16,149,193)
	\$ 13,960,888		\$ 14,063,222

\$ (13,323,688)

(13,323,688)      5      12,050,470

**\$ 1,505,937**  
**70.0%**

\$	1,054,156
\$	<u>13,104,626</u>

\$	1,505,937
\$	(1,054,158)

\$	451,781
	332,034
\$	<u>783,815</u>



**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
**Test Year Ended December 31, 2014**  
**Cash Working Capital**

Exhibit  
Settlement Schedule B-5  
Page 1  
Witness: Bourassa

Line No.	Description	Proforma Test Year Amount <sup>1</sup>	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days	Lead/Lag Factor	Cash Working Capital Required
	(A)	(B)	(C)	(D)	(E)	(F)	Col. B * Col. F
7	OPERATING EXPENSES						
8	Salaries and Wages	-	44.96	-	44.96	0.12317808	\$ -
9	Purchased Wastewater Treatment	112,810	44.96	29.82	15.14	0.04147945	4,679
10	Sludge Removal	-	44.96	-	44.96	0.12317808	-
11	Purchased Power	67,788	44.96	34.96	10.00	0.02738726	1,857
12	Fuel for Power Production	-	44.96	-	44.96	0.12317808	-
13	Chemicals	6,030	44.96	3.91	41.05	0.11246575	678
14	Materials and Supplies	7,433	44.96	17.14	27.82	0.07621918	567
15	Contractual Services - Professional	208,790	44.96	19.99	24.97	0.06841096	14,284
16	Contractual Services - Testing	405	44.96	8.50	36.46	0.09989041	40
17	Contractual Services - Other	157,571	44.96	22.47	22.49	0.06161644	9,709
18	Office Supplies and Expense	1,916	44.96	46.21	(1.25)	(0.00342466)	(7)
19	Rents	3,379	44.96	46.21	(1.25)	(0.00342466)	(12)
20	Transportation	10,899	44.96	20.78	24.18	0.06624658	722
21	Insurance	7,991	44.96	(182.50)	227.46	0.62317808	4,980
22	Miscellaneous	45,442	44.96	112.06	(87.10)	(0.18383562)	(8,354)
23	Interest Expense	49,088	44.96	90.25	(45.29)	(0.12408219)	(6,091)
24							
25							
26	TAXES						
27	General Taxes-Property <sup>1</sup>	\$ 78,572	44.96	213.96	(169.00)	(0.46300913)	\$ (36,379)
28	General Taxes-Other	-	44.96	-	44.96	0.12317808	-
29	Income Tax <sup>1</sup>	212,604	44.96	37.00	7.96	0.02180822	4,638
30							
31	OTHER						
32	Regulatory Commission Expense	-	44.96	(136.54)	181.50	0.49726484	-
33							
34	TOTAL	\$ 970,798					\$ (8,686)
35							
36							
37							
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41							
42							
43							
44							

<sup>1</sup>At proposed rates.

RECAP SCHEDULES:  
B-2, page 2

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
**Test Year Ended December 31, 2014**  
**Income Statement**

Exhibit  
Settlement Schedule C-1  
Page 1  
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Flat Rate Revenue	\$ 1,470,855	\$ -	\$ 1,470,855	\$ 162,266	\$ 1,633,121
3	Measured Revenues	-	-	-	-	-
4	Misc Revenues	7,468	-	7,468	-	7,468
5		<u>\$ 1,478,323</u>	<u>\$ -</u>	<u>\$ 1,478,323</u>	<u>\$ 162,266</u>	<u>\$ 1,640,590</u>
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Wastewater Treatment	3,811	108,999	112,810	-	112,810
9	Sludge Removal	-	-	-	-	-
10	Purchased Power	67,788	-	67,788	-	67,788
11	Fuel for Power Production	-	-	-	-	-
12	Chemicals	6,030	-	6,030	-	6,030
13	Materials and Supplies	7,433	-	7,433	-	7,433
14	Contractual Services - Professional	167,347	41,444	208,790	-	208,790
15	Contractual Services - Testing	405	-	405	-	405
16	Contractual Services - Other	260,568	(102,997)	157,571	-	157,571
17	Office Supplies and Expense	1,916	-	1,916	-	1,916
18	Rents	3,379	-	3,379	-	3,379
19	Transportation	10,899	-	10,899	-	10,899
20	Insurance	7,991	-	7,991	-	7,991
21	Regulatory Commission Expense	14,717	-	14,717	-	14,717
22	Miscellaneous	45,814	(372)	45,442	-	45,442
23	Depreciation	326,172	(29,621)	296,551	-	296,551
24	Taxes Other Than Income	-	-	-	-	-
25	Property Taxes	75,741	54	75,795	2,777	78,572
26	Income Tax	157,337	(4,038)	153,300	59,385	212,684
27	<b>Total Operating Expenses</b>	<u>\$ 1,157,347</u>	<u>\$ 13,468</u>	<u>\$ 1,170,815</u>	<u>\$ 62,162</u>	<u>\$ 1,232,977</u>
28	<b>Operating Income</b>	<u>\$ 320,976</u>	<u>\$ (13,468)</u>	<u>\$ 307,508</u>	<u>\$ 100,105</u>	<u>\$ 407,613</u>
29	<b>Other Income (Expense)</b>					
30	Interest and Dividend Income	-	-	-	-	-
31	AFUDC Income	-	-	-	-	-
32	Miscellaneous Non-Utility Expenses	-	-	-	-	-
33	Interest Expense	(55,750)	6,661	(49,088)	-	(49,088)
34						
35	<b>Total Other Income (Expense)</b>	<u>\$ (55,750)</u>	<u>\$ 6,661</u>	<u>\$ (49,088)</u>	<u>\$ -</u>	<u>\$ (49,088)</u>
36	<b>Net Profit (Loss)</b>	<u><u>\$ 265,226</u></u>	<u><u>\$ (6,807)</u></u>	<u><u>\$ 258,420</u></u>	<u><u>\$ 100,105</u></u>	<u><u>\$ 358,525</u></u>

SUPPORTING SCHEDULES:  
C-1, page 2  
E-2

RECAP SCHEDULES:  
A-1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 dba Liberty Utilities  
 Test Year Ended December 31, 2014  
 Income Statement

Exhibit  
 Settlement Schedule C-1  
 Page 2, 1  
 Witness: Bourassa

Line No.	1	2	3	4	5	6	7	8	9
	Depreciation	Property Taxes	Rate Case Expense	Intentionally Left Blank	Expense Reclass	Intentionally Left Blank	Intentionally Left Blank	Corporate Cost Adj. Non-Labor	
1	Revenues								
2	Fat Rate Revenues								
3	Measured Revenues								
4	Misc Revenues								
5									
6	Operating Expenses								
7	Salaries and Wages								
8	Purchased Wastewater Treatment								
9	Sludge Removal								
10	Purchased Power								
11	Fuel for Power Production								
12	Chemicals								
13	Materials and Supplies								
14	Contractual Services - Professional								
15	Contractual Services - Testing								
16	Contractual Services - Other								
17	Office Supplies and Expense								
18	Rent								
19	Transportation								
20	Insurance								
21	Regulatory Commission Expense								
22	Miscellaneous								
23	Depreciation								
24	Taxes Other Than Income								
25	Property Taxes								
26	Income Tax								
27	Total Operating Expenses								
28	Operating Income								
29	Other Income (Expense)								
30	Interest and Dividend Income								
31	AFUDC Income								
32	Miscellaneous Non-Utility Expenses								
33	Interest Expense								
34									
35	Total Other Income (Expense)								
36	Net Profit (Loss)								
37									
38	SUPPORTING SCHEDULES:								
39	C-2								
40	E-2								

57,071

(108,999)

54

57,071

(56,750)

(57,071)

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sew  
 dba Liberty Utilities  
 Test Year Ended December 31, 2014  
 Income Statement

Exhibit  
 Settlement Schedule C-1  
 Page 2.2  
 Witness: Bourassa

Line No.	2	10	11	12	13	14	15	16	Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Corporate Cost Adj. Labor										
2	Field Rate Revenue										
3	Measured Revenues										
4	Misc Revenues										
5											
6	Operating Expenses										
7	Salaries and Wages										
8	Purchased Wastewater Treatment										
9	Sludge Removal										
10	Purchased Power										
11	Fuel for Power Production										
12	Chemicals										
13	Materials and Supplies										
14	Contractual Services - Professional										
15	Contractual Services - Testing										
16	Contractual Services - Other										
17	Office Supplies and Expense										
18	Rents										
19	Transportation										
20	Insurance										
21	Regulatory Commission Expense										
22	Miscellaneous										
23	Depreciation										
24	Taxes Other Than Income										
25	Property Taxes										
26	Income Tax										
27	Total Operating Expenses										
28	Operating Income										
29	Other Income (Expense)										
30	Interest and Dividend Income										
31	AFUDC Income										
32	Miscellaneous Non-Utility Expenses										
33	Interest Expense										
34											
35	Total Other Income (Expense)										
36	Net Profit (Loss)										
37											
38											
39											
40											

RECAP SCHEDULES:  
 C-1, page 1

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustments to Revenues and Expenses

Exhibit  
Settlement Schedule C-2  
Page 1  
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
				Intentionally	Expense	Intentionally	
		Property	Rate	Left	Reclass	Left	
	<u>Depreciation</u>	<u>Taxes</u>	<u>Case Expense</u>	<u>Blank</u>		<u>Blank</u>	
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-
24	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-
29	-	-	-	-	-	-	-
30	-	-	-	-	-	-	-
31	-	-	-	-	-	-	-
32	-	-	-	-	-	-	-
33	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-
56	-	-	-	-	-	-	-
57	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-

Exhibit  
Settlement Schedule C-2  
Page 2  
Witness: Bourassa

Line  
No.

	Acct.	No.	Description	Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Depr Original Cost	Proposed Rates	Depreciation Expense
		101	Plant-in-Service	-	-	-	0.00%	-
		351	Organization	5,785	(5,785)	-	0.00%	-
		352	Franchise	417	(417)	-	0.00%	-
		353	Land	7,545	(7,545)	-	0.00%	-
		354	Structures & Improvements	331,839	-	331,839	3.33%	11,050
		355	Power Generation	-	-	-	5.00%	-
		360	Collection Sewer Forced	636,023	-	636,023	2.00%	12,720
		361	Collection Sewers Gravity	6,700,763	-	6,700,763	2.00%	134,015
		362	Special Collecting Structures	-	-	-	2.00%	-
		363	Customer Services	1,287,363	-	1,287,363	2.00%	25,747
		364	Flow Measuring Devices	65,412	(65,412)	-	10.00%	-
		365	Reuse Services	-	-	-	2.00%	-
		367	Reuse Meters And Installation	-	-	-	8.33%	-
		370	Receiving Wells	867,120	-	867,120	3.33%	28,875
		371	Pumping Equipment	467,276	-	467,276	12.50%	58,410
		374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
		375	Reuse Trans. and Dist. System	-	-	-	2.50%	-
		380	Treatment & Disposal Equipment	982,394	-	982,394	5.00%	49,120
		381	Plant Sewers	15,362	-	15,362	5.00%	768
		382	Outfall Sewer Lines	-	-	-	3.33%	-
		389	Other Sewer Plant & Equipment	57,171	(57,170)	0	6.67%	-
		390	Office Furniture & Equipment	110,718	-	110,718	6.67%	7,385
		390.1	Computers and Software	36,045	(4,025)	32,020	20.00%	6,404
		391	Transportation Equipment	6,322	-	6,322	20.00%	1,264
		392	Stores Equipment	-	-	-	4.00%	-
		393	Tools, Shop And Garage Equip	20,391	(5,139)	15,252	5.00%	763
		394	Laboratory Equip	3,940	-	3,940	10.00%	394
		395	Power Operated Equipment	29,949	-	29,949	5.00%	1,497
		396	Communication Equip	6,055	(6,057)	(2)	10.00%	-
		397	Miscellaneous Equip.	-	-	-	10.00%	-
		398	Other Tangible Plant	3,913	(3,913)	0	10.00%	0
		398.1	Nogales WWTP	2,431,717	-	2,431,717	4.72%	114,777
			SUBTOTAL	\$ 14,073,520	\$ (155,462)	\$ 13,918,057		\$ 453,190
		903	Land and Land Rights	4,247	(4,247)	-	0.00%	-
		904	Structures and Improvements	46,119	-	46,119	2.56%	1,181
		940	Office Furniture & Equipment	6,443	-	6,443	6.67%	430
		940.1	Computers and Software	41,059	-	41,059	20.00%	8,212
			TOTALS	\$ 14,171,387	\$ (159,709)	\$ 14,011,678		\$ 483,012
			Less: Amortization of Contributions			Gross CIAC \$ 5,112,247	Amort. Rate 3.2561%	\$ (166,461)
			Total Depreciation Expense					\$ 296,551
			Adjusted Test Year Depreciation Expense					326,172
			Increase (decrease) in Depreciation Expense					(29,621)
			Adjustment to Revenues and/or Expenses					\$ (29,621)
			SUPPORTING SCHEDULE					
			B-2, page 3					

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 2

Exhibit  
Settlement Schedule C-2  
Page 3  
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 1,478,323	\$ 1,478,323
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,956,646	2,956,646
4	Company Recommended Revenue	1,478,323	1,640,590
5	Subtotal (Line 4 + Line 5)	4,434,970	4,597,236
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,478,323	1,532,412
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,956,646	3,064,824
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	3,743	3,743
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,952,903	3,061,081
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	531,523	550,995
15	Composite Property Tax Rate - Obtained from ADOR	14.2600%	14.2600%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 75,795	\$ 78,572
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 75,795	
19	Test Year Property Taxes	\$ 75,741	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ 54	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 78,572
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 75,795
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 2,777
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 2,777
27	Increase in Revenue Requirement		\$ 162,266
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.71120%
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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Settlement Schedule C-2  
Page 4  
Witness: Bourassa

Rate Case Expense

Line

No.

1			
2			
3	Estimated Rate Case Expense	\$	73,583
4			
5	Estimated Amortization Period in Years		5
6			
7	Annual Rate Case Expense	\$	14,717
8			
9	Test Year Rate Case Expense	\$	14,717
10			
11	Increase(decrease) Rate Case Expense	\$	-
12			
13	Adjustment to Revenue and/or Expense	\$	-
14			
15			
16	<u>Reference</u>		
17	<u>Testimony</u>		
18			
19			
20			



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 4

Exhibit  
Settlement Schedule C-2  
Page 5  
Witness: Bourassa

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20

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 5

Exhibit  
Settlement Schedule C-2  
Page 6  
Witness: Bourassa

Reclass Purchased WW Treatment

Line

No.

1

2 Purchased Wastewater Treatment

\$ 108,999

3 Contractual Services -Other

(108,999)

4

5 Increase(decrease) in Expense

\$ -

6

7

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17 SUPPORTING SCHEDULES

18 Work Papers

19

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 6

Exhibit  
Settlement Schedule C-2  
Page 7  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 7

Exhibit  
Settlement Schedule C-2  
Page 8  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 8

Exhibit  
Settlement Schedule C-2  
Page 9  
Witness: Bourassa

Corporate Cost Adjustment - Non-Labor

Line  
No.

1			
2	<u>Corporate Allocation Adjustment</u>		
3			
4	Adjusted Allocated Non-Labor Costs per Settlement	\$	89,823
5	Adjusted Allocated Non-Labor Costs per Direct		32,752
6			
7	Adjustment to Contractual Services Professional	\$	<u>57,071</u>
8			
9			
10	Adjustment to Revenue and/or Expense	\$	<u>57,071</u>
11			
12	<u>Reference</u>		
13	Testimony		
14	Work Papers		
15			
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17			
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20			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 9

Exhibit  
Settlement Schedule C-2  
Page 10  
Witness: Bourassa

Contractual Services - Labor

Line

No.

1	<u>Allocated Contract Services - Professional (Labor)</u>	
2		
3	Adjusted Allocated Contractual Services APUC, LUCC and LABS per Settlement	\$ 15,506
4	Adjusted Allocated Contractual Services LU(SUB) per Settlement	\$ 100,647
5	Total	\$ 116,154
6	Adjusted Allocated Contractual Services - Professional (labor) per Direct	130,165
7	Required Adjustment	\$ (14,011)
8	Amount reclassified to Contractual Services - Other	-
9	Net Adjustment to Contractual Services Professional	\$ (14,011)
10		
11		
12		
13		
14		
15		
16		
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20		
21		
22	Adjustment to Revenue and/or Expense	\$ (14,011)
23		
24	<u>Reference</u>	
25	Testimony	
26		
27		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 10

Exhibit  
Settlement Schedule C-2  
Page 11  
Witness: Bourassa

Corporate Cost Adjustment - Labor

Line  
No.

1		
2	<u>Allocated Contract Services - Professional (Labor)</u>	
3	Allocated Labor Costs per Settlement	\$ 116,154
4	Factor (1)	6.09%
5	Increase in Labor Costs per Settlement	\$ 7,074
6	Increase in Labor Costs per Direct	4,065
7	Adjustment to Contractual Services - Professional	<u>\$ 3,009</u>
8		
9	<u>Allocated Contract Services - Other (Labor)</u>	
10	Test Year Allocated Labor Costs	\$ 145,461
11	Factor (1)	6.09%
12	Increase in Labor Costs per Settlement	\$ 8,859
13	Increase in Labor Costs per Direct	1,296
14	Adjustment to Contractual Services - Other	<u>\$ 7,562</u>
15		
16		
17		
18	Adjustment to Revenue and/or Expense	<u>\$ 10,571</u>
19		
20	<u>Reference</u>	
21	Testimony	
22	Work papers	
23		
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26		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 11

Exhibit  
Settlement Schedule C-2  
Page 12  
Witness: Bourassa

Capitalized Expense

Line  
No.

1	Arizona Direct Labor to be Capitalized	\$	56,054
2			
3	Updated Allocation Factor		2.50%
4			
5	Allocated Capitalized Expense	\$	1,401
6			
7	Increase (decrease) in Contractual Services - Professional	\$	(1,401)
8			
9			
10	Adjustment to Revenue and/or Expense	\$	(1,401)
11			
12			
13			
14			
15	<u>Reference</u>		
16	Testimony		
17	Work papers		
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19			
20			



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 14

Exhibit  
Settlement Schedule C-2  
Page 15  
Witness: Bourassa

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Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 12

Exhibit  
Settlement Schedule C-2  
Page 13  
Witness: Bourassa

Postage

Line

No.

1			
2	Number of Water Bills in the Test Year including annualized bills		76,857
3			
4	US Postal Decrease in Postage	\$	(0.02)
5			
6	Total Adjustment to Postage Due to Postage Price Decrease	\$	(1,537)
7			
8	Sewer Division Allocation Factor		24.23%
9			
10	Increase (decrease) in Miscellaneous Expense	\$	(372)
11			
12	Adjustment to Revenue and/or Expense	\$	<u>(372)</u>
13			
14			
15			
16			

17 Reference

18 Testimony

19 Work papers

20

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 13

Exhibit  
Settlement Schedule C-2  
Page 14  
Witness: Bourassa

Incentive Pay, Rents, and Other

Line  
No.

	<u>RR - Water</u>	<u>RR-Sewer</u>	<u>Bella Vista</u>
1			
2 <u>Corporate</u>			
3 Contractual Services - Professional Adjustment	\$ (10,550)	\$ (3,224)	\$ (15,399)
4			
5 <u>Liberty Utilities Sub Corp.</u>			
6 Contractual Services - Other Adjustment	\$ (5,104)	\$ (1,560)	\$ (7,451)
7			
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18 <u>Reference</u>			
19 Work papers			
20			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and Expenses  
Adjustment Number 15

Exhibit  
Settlement Schedule C-2  
Page 16  
Witness: Bourassa

Interest Synchronization

Line

No.

1

2

3

4

Fair Value Rate Base

\$ 5,279,632

5

Weighted Cost of Debt

0.93%

6

Interest Expense

\$ 49,088

7

8

Test Year Interest Expense

\$ 55,750

9

10

Increase (decrease) in Interest Expense

(6,661)

11

12

13

14

Adjustment to Revenue and/or Expense

\$ 6,661

15

16

17

Weighted Cost of Debt Computation

18

Pro forma Capital Structure

19

20

Debt

Percent

Cost

Weighted

Cost

29.99%

3.10%

0.93%

21

Equity

70.01%

10.80%

7.56%

22

Total

100.00%

8.49%

23

24

25

26

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30

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Adjustment to Revenues and/or Expenses  
Adjustment Number 16

Exhibit  
Settlement Schedule C-2  
Page 17  
Witness: Bourassa

Line  
No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

7

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13 SUPPORTING SCHEDULE

14 C-3, page 2

15

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Test Year  
at Present Rates

\$ 153,300

-

\$ 153,300

Test Year  
at Proposed Rates

\$ 212,684

153,300

\$ 59,385

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Computation of Gross Revenue Conversion Factor

Exhibit  
Settlement Schedule C-3  
Page 1  
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	37.234%
2		
3	Property Taxes	1.074%
4		
5		
6	Total Tax Percentage	38.308%
7		
8	Operating Income % = 100% - Tax Percentage	61.692%
9		
10		
11		
12		
13	1 = Gross Revenue Conversion Factor	
14	Operating Income %	1.6210
15		
16		
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25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.3081%					
5	Subtotal (L3 - L4)	61.6919%					
6	Revenue Conversion Factor (L1 / L5)	1.620957					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	37.2340%					
9	One Minus Combined Income Tax Rate (L7 - L8)	62.7660%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0080%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	34.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	32.3340%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		37.2340%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	37.2340%					
20	One Minus Combined Income Tax Rate (L18-L19)	62.7660%					
21	Property Tax Factor	1.7112%					
22	Effective Property Tax Factor (L20*L21)		1.0741%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.3081%			
24	Required Operating Income	\$ 407,813					
25	Adjusted Test Year Operating Income (Loss)	\$ 367,508					
26	Required Increase in Operating Income (L24 - L25)		\$ 100,105				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 212,684					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	\$ 153,300					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 59,385				
30	Recommended Revenue Requirement	\$ 1,640,580					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 78,572					
36	Property Tax on Test Year Revenue	\$ 75,795					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 2,777				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 182,267				

Calculation of Income Tax:

39	Revenue	\$ 1,478,323
40	Operating Expenses Excluding Income Taxes	\$ 1,017,516
41	Synchronized Interest (L47)	\$ 49,088
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 411,719
43	Arizona State Effective income Tax Rate (see work papers)	4.9000%
44	Arizona Income Tax (L42 x L43)	\$ 20,174
45	Federal Taxable Income (L42 - L44)	\$ 391,545
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 6,250
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 91,650
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 19,225
51	Total Federal Income Tax	\$ 133,125
52	Combined Federal and State Income Tax (L35 + L42)	\$ 153,300

55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]	34.0000%
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]	34.0000%
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]	0.0000%

Calculation of Interest Synchronization:

58	Rate Base	\$ 5,279,632
59	Weighted Average Cost of Debt	0.9298%
60	Synchronized Interest (L45 X L46)	\$ 49,088

(A)	(B)	(C)	(D)	(E)	(F)
Test Year			Company Recommended		
Total			Total		
		Sewer			Sewer
\$ 1,478,323	\$ 1,478,323		\$ 1,640,580	\$ 1,640,580	
\$ 1,017,516	\$ 1,017,516		\$ 1,020,282	\$ 1,020,282	
\$ 49,088	\$ 49,088		\$ 49,088	\$ 49,088	
\$ 411,719	\$ 411,719		\$ 571,210	\$ 571,210	
\$ 4.9000%	\$ 4.9000%		\$ 4.9000%	\$ 4.9000%	
\$ 20,174	\$ 20,174		\$ 27,989	\$ 27,989	
\$ 391,545	\$ 391,545		\$ 543,221	\$ 543,221	
\$ 7,500	\$ 7,500		\$ 7,500	\$ 7,500	
\$ 6,250	\$ 6,250		\$ 6,250	\$ 6,250	
\$ 8,500	\$ 8,500		\$ 8,500	\$ 8,500	
\$ 91,650	\$ 91,650		\$ 91,650	\$ 91,650	
\$ 19,225	\$ 19,225		\$ 70,795	\$ 70,795	
\$ 133,125	\$ 133,125		\$ 184,695	\$ 184,695	
\$ 153,300	\$ 153,300		\$ 212,684	\$ 212,684	

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Summary of Cost of Capital

Exhibit  
Settlement Schedule D-1  
Page 1  
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Projected Capital Structure

Line		Percent	Cost	Weighted
<u>No.</u>	<u>Item of Capital</u>	<u>Total</u>	<u>Rate</u>	<u>Cost</u>
1	Long-Term Debt	29.99%	3.10%	0.93%
2				
3	Stockholder's Equity	70.01%	9.70%	6.79%
4				
5	Totals	100.00%		7.72%
6				
7				
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22	<u>SUPPORTING SCHEDULES:</u>			
23	D-1			
24	Testimony			
25				
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29				
30				



Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Revenue Summary  
With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
Page 1  
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present WW Revenues	Percent of Proposed WW Revenues
1	5/8X3/4 Inch	Residential	\$ 1,112,104	\$ 1,195,512	\$ 83,408	7.50%	75.67%	73.27%
2	3/4 Inch	Residential	4,916	5,284	369	7.50%	0.33%	0.32%
3	1 Inch	Residential	8,085	8,691	606	7.50%	0.55%	0.53%
4								
5		Subtotal	1,125,104	1,209,487	84,383	7.50%	76.55%	74.13%
6								
7	5/8X3/4 Inch	Commercial	\$ 47,024	\$ 54,511	\$ 7,487	15.92%	3.20%	3.34%
8	1 Inch	Commercial	54,875	64,256	9,381	17.10%	3.73%	3.94%
9	1 1/2 Inch	Commercial	18,582	22,437	3,855	20.75%	1.26%	1.38%
10	2 Inch	Commercial	56,017	66,870	10,853	19.37%	3.81%	4.10%
11	3 Inch	Commercial	7,306	8,243	937	12.83%	0.50%	0.51%
12	4 Inch	Commercial	63,195	83,173	19,979	31.61%	4.30%	5.10%
13								
14		Subtotal	246,999	299,491	52,492	21.25%	16.81%	18.36%
15								
16	5/8X3/4 Inch	Commercial (SCUSD)	\$ 1,164	\$ 1,251	\$ 87	7.50%	0.08%	0.08%
17	2 Inch	Commercial (SCUSD)	37,639	46,484	8,845	23.50%	2.56%	2.85%
18	4 Inch	Commercial (SCUSD)	10,668	13,289	2,621	24.57%	0.73%	0.81%
19	6 Inch	Commercial (SCUSD)	41,955	54,632	12,677	30.22%	2.85%	3.35%
20		Subtotal	91,426	115,656	24,231	26.50%	6.22%	7.09%
21								
22								
23	5/8X3/4 Inch	Multi-tenant	\$ 4,763	\$ 5,466	\$ 703	14.76%	0.32%	0.34%
24	1 1/2 Inch	Multi-tenant	1,389	1,539	150	10.83%	0.09%	0.09%
25								
26		Subtotal	6,152	7,005	853	13.87%	0.42%	0.43%
27								
28								
29								
30								
31	Total Revenues Before Annualization		\$ 1,469,680.7	\$ 1,631,639.4	\$ 161,958.6	11.02%	100.00%	100.00%
32								

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Revenue Summary  
With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
Page 2  
Witness: Bourassa

Revenue Annualization

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills
1	5/8X3/4 Inch	Residential	(1,372)	(1,475)	(103)	0.00%	(28)
2	3/4 Inch	Residential	509	547	38	7.50%	9
3	1 Inch	Residential	1,037	1,114	78	7.50%	15
4							
5		Subtotal	173	186	13	7.50%	(4)
6							
7	5/8X3/4 Inch	Commercial	63	72	9	13.77%	1
8	1 Inch	Commercial	529	600	72	13.54%	6
9	1 1/2 Inch	Commercial	-	-	-	0.00%	-
10	2 Inch	Commercial	7	10	3	35.50%	-
11	3 Inch	Commercial	58	79	21	35.50%	-
12	4 Inch	Commercial	-	-	-	0.00%	-
13							
14		Subtotal	657	761	130	19.70%	7
15							
16	5/8X3/4 Inch	Commercial (SCUSD)	(47)	(50)	(3)	0.00%	(1)
17	2 Inch	Commercial (SCUSD)	-	-	-	0.00%	-
18	4 Inch	Commercial (SCUSD)	-	-	-	0.00%	-
19	6 Inch	Commercial (SCUSD)	-	-	-	0.00%	-
20		Subtotal	(47)	(50)	(3)	7.50%	6
21							
22							
23	5/8X3/4 Inch	Multi-tenant	-	-	-	0.00%	-
24	1 1/2 Inch	Multi-tenant	-	-	-	0.00%	-
25							
26		Subtotal	-	-	-	0.00%	-
27							
28							
29							
30							
31							
32	Total Revenue Annualization		784	897	139	17.73%	3
33							

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2014

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit  
Settlement Schedule H-1  
Page 3  
Witness: Bourassa

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present WW Revenues	Percent of Proposed WW Revenues
1	\$ 1,469,681	\$ 1,631,639	\$ 161,959	11.02%	100.00%	100.00%
2	784	897	113.08	14.42%	0.05%	0.05%
3	\$ 1,470,465	\$ 1,632,536	\$ 162,072	11.02%		
4						
5	\$ 7,468	\$ 7,468	-	0.00%	0.51%	0.46%
6	390	584	194	49.74%	0.03%	0.04%
7	\$ 1,478,323	\$ 1,640,589	\$ 162,266	10.98%	0.00%	0.00%
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**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
 Test Year Ended December 31, 2014  
 Customer Summary  
 At 9.5% WACC

Exhibit  
 Settlement Schedule H-2  
 Page 1  
 Witness: Bourassa

Line No.	Meter Size, Class	(a)		Average Consumption	Average Bill		Proposed Increase	
		Average Number of Customers at 12/31/2014			Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	1,891		-	\$ 49.00	\$ 52.68	3.68	7.50%
2	3/4 Inch Residential	7		-	56.50	60.74	4.24	7.50%
3	1 Inch Residential	10		-	69.10	74.28	5.18	7.50%
4								
5	Subtotal	1,908						
6								
7	5/8X3/4 Inch Commercial	56		7,841	\$ 53.20	\$ 58.37	5.17	9.71%
8	1 Inch Commercial	44		11,948	93.84	107.81	13.97	14.88%
9	1 1/2 Inch Commercial	8		24,573	189.86	228.71	38.84	20.46%
10	2 Inch Commercial	19		25,785	235.43	279.38	43.96	18.67%
11	3 Inch Commercial	2		17,667	299.83	337.25	37.42	12.48%
12	4 Inch Commercial	2		460,542	2,633.11	3,465.55	832.44	31.61%
13								
14	Subtotal	130						
15								
16	5/8X3/4 Inch Commercial (SCUSD)	2		440	\$ 46.55	\$ 50.04	3.49	7.50%
17	2 Inch Commercial (SCUSD)	10		44,392	312.04	385.17	73.13	23.44%
18	4 Inch Commercial (SCUSD)	1		121,083	889.03	1,107.43	218.41	24.57%
19	6 Inch Commercial (SCUSD)	1		604,167	3,496.22	4,552.67	1,056.45	30.22%
20	Subtotal	14						
21								
22	5/8X3/4 Inch Multi-tenant	6		8,736	\$ 57.68	\$ 64.44	6.76	11.71%
23	1 1/2 Inch Multi-tenant	1		9,250	113.25	124.89	11.64	10.28%
24	Subtotal	7						
25								
26								
27								
28								
29	Total	2,046						
30								

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Customer Summary

Exhibit  
 Settlement Schedule H-2  
 Page 2  
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	1,891	-	\$ 49.00	\$ 52.68	3.68	7.50%
2	3/4 Inch Residential	7	-	56.50	60.74	4.24	7.50%
3	1 Inch Residential	10	-	89.10	74.28	5.18	7.50%
4							
5	Subtotal	1,908					
6							
7	5/8X3/4 Inch Commercial	56	4,000	\$ 49.00	\$ 52.68	3.68	7.50%
8	1 Inch Commercial	44	7,000	69.10	74.28	5.18	7.50%
9	1 1/2 Inch Commercial	8	13,500	134.50	153.69	19.19	14.27%
10	2 Inch Commercial	19	8,000	146.50	158.89	12.39	8.46%
11	3 Inch Commercial	2	26,500	344.00	397.10	53.10	15.44%
12	4 Inch Commercial	2	330,500	1,982.90	2,584.52	601.62	30.34%
13							
14	Subtotal	130					
15							
16	5/8X3/4 Inch Commercial (SCUSD)	2	500	\$ 46.55	\$ 50.04	3.49	7.50%
17	2 Inch Commercial (SCUSD)	10	58,500	265.05	321.50	56.45	21.30%
18	4 Inch Commercial (SCUSD)	1	121,000	888.63	1,106.90	218.27	24.56%
19	6 Inch Commercial (SCUSD)	1	654,000	3,732.93	4,873.41	1,140.48	30.55%
20	Subtotal	14					
21							
22	5/8X3/4 Inch Multi-tenant	6	7,500	\$ 51.50	\$ 56.06	4.56	8.86%
23	1 1/2 Inch Multi-tenant	1	8,500	109.50	119.81	10.31	9.42%
24	Subtotal	7					
25							
26							
27							
28							
29	Total	2,046					
30							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
 Test Year Ended December 31, 2014  
 Present and Proposed Rates

Exhibit  
 Settlement Schedule H-3  
 Page 1  
 Witness: Bourassa

Line No.	Monthly Minimum Charge for: Meter Size (All Classes):	Present Rates <sup>1,2</sup>	Proposed Rates <sup>1,2</sup>	Change	Percent Change
1	5/8 inch	\$	52.68	\$ 3.68	7.50%
2	3/4 inch	56.50	60.74	4.24	7.50%
3	1 inch	69.10	74.28	5.18	7.50%
4	1 1/2 inch	102.00	109.65	7.65	7.50%
5	2 inch	141.50	152.11	10.61	7.50%
6	3 inch	246.50	264.99	18.49	7.50%
7	4 inch	365.40	392.81	27.41	7.50%
8	6 inch	694.40	746.48	52.08	7.50%
9	8 inch	1,057.78	1,137.11	79.33	7.50%
10	10 inch	1,585.07	1,703.95	118.88	7.50%
11	12 inch	2,254.08	2,423.14	169.06	7.50%

Commodity Rates (Commercial and Multi-tenant Only) <sup>1</sup>	Block	Present Rates <sup>1,2</sup>	Proposed Rates <sup>1,2</sup>
All Meter Sizes	0 gallons to 7,000 gallons	\$	\$
	over 7,000 gallons	5.00	6.78

<sup>1</sup> Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.  
<sup>2</sup> A 5 % discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company

NT = No Tariff

**Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division**  
**Changes in Representative Rate Schedules**  
**Test Year Ended December 31, 2014**

Exhibit  
Settlement Schedule H-3  
Page 2  
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 15.00	\$ 25.00
2	Reestablishment (within 12 months)	(1)	(1)
3	Disconnection/Reconnection (Delinquent)	\$ 15.00	Cost(2)
4	Deposit	(3)	(3)
5	Deposit Interest	(4)	6%(4)
6	NSF Check	\$ 25.00	\$ 10.00
7	Late Payment Penalty	1.5% per month	1.5% per month
8	Deferred Payment	1.5% per month	1.5% per month
9	Service Charge - after hours	\$ 50.00	\$ 50.00
10			
11			
12			
13	(1) Per Commission Rule A.A.C. R14-2-603(D) - Months off the system times the monthly minimum.		
14	(2) The actual cost of disconnection and reconnection, including costs for excavation and trenching, pipeline		
15	modification, backfill and grading, road repairs and permitting.		
16	(3) Per Commission Rule A.A.C. R-14-2-603(B)		
17	(4) Per Commission Rule A.A.C. R14-2-603(D) - Months off the system times the monthly minimum.		
18			
19	(a) At customers request. No charge for service during normal working hours.		
20			
21	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
22	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
23	TAX. PER COMMISSION RULE 14-2-608D(5).		
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division  
Test Year Ended December 31, 2014  
Meter and Service Line Charges

Exhibit  
Settlement Schedule H-3  
Page 3  
Witness: Bourassa

Line  
No.

1  
2 Service Line Installation Charges

	Present	Proposed
8 <u>Service Line Size</u>	<u>Charge</u>	<u>Charge</u>
9 4 Inch	At Cost	At Cost
10 6 Inch	At Cost	At Cost
11 8 Inch	At Cost	At Cost
12 10 Inch	At Cost	At Cost
13 12 Inch	At Cost	At Cost

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16  
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18  
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32 N/T = No Tariff

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**ATTACHMENT B**  
**Depreciation Schedules**

# Liberty Utilities (Bella Vista Water)

304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.50
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.00
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc. Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
347.1	Compressed Natural Gas System	30	3.33
348	Other Tangible Plant	10	10.00

# Liberty Utilities (Rio Rico Water)

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.
2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

# Liberty Utilities (Rio Rico Sewer)

Table G-1. Wastewater Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.00
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0
398	Other Tangible Plant	----	----

NOTE: Acct. 398, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

# **ATTACHMENT C**

## **Liberty Bella Vista Curtailment Plan**

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**CURTAILMENT PLAN FOR  
LIBERTY UTILITIES (BELLA VISTA WATER) CORP.**

Bella Vista City  
ADEQ Public Water System Number: 02-010

Bella Vista South  
ADEQ Public Water System Number: 02-007

Northern Sunrise (Coronado/Sierra Sunset)  
ADEQ Public Water System Number: 02-013

Northern Sunrise (Mustang/Crystal)  
ADEQ Public Water System Number: 02-054

Southern Sunrise (Cochise)  
ADEQ Public Water System Number: 02-011

Southern Sunrise (Miracle Valley)  
ADEQ Public Water System Number: 02-023

Liberty Utilities (Bella Vista Water) Corp. ("Company") is authorized to curtail water service to all customers within its certified area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

**Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

**Stage 2 Exists When:**

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and

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Issued: \_\_\_\_\_

ISSUED BY:

Effective: \_\_\_\_\_

Matthew Garlick, President  
Liberty Utilities (Bella Vista Water) Corp.  
12725 W. Indian School Road, Suite D-101  
Avondale, AZ 85392

- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

**Restrictions:** Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

**Notice Requirements:** Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

**Stage 3 Exists When:**

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

**Restrictions:** Under Stage 3, the Company shall request the customer to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

**Notice Requirements:**

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least two (2) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

**Stage 4 Exists When:**

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and

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Effective: \_\_\_\_\_

Matthew Greflick, President  
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Avondale, AZ 85392

- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

**Restrictions:** Under Stage 4, Company shall inform the customers of a mandatory restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

**Notice Requirements:**

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least two (2) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

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# **ATTACHMENT D**

## **Liberty Bella Vista Cross-Connection or Backflow Tariff**

Applies to all WATER service areas

**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE****IV. CROSS-CONNECTION OR BACKFLOW TARIFF****PURPOSE.**

The purpose of this tariff is to protect Liberty Utilities (Bella Vista Water) Corp. ("Company") from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow prevention assemblies pursuant to the provisions of Arizona Administrative Code (A.A.C.) R14-2-405.B.6 and A.A.C. R18-4-215.

**REQUIREMENTS.**

In compliance with the rules and regulations of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. Any backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provision of A.A.C. R14-2-407 and 410 and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is not applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

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Effective: \_\_\_\_\_

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Liberty Utilities (Bella Vista Water Corp.)  
12725 W. Indian School Road, Suite D-101  
Avondale, AZ 85392

Applies to all WATER service areas  
**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE**

5. Testing shall be in conformance with the requirement of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. The Company may also require the customer to pay for repairs to a backflow-prevention assembly.
6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
  - a. assembly identification number and description;
  - b. location;
  - c. date(s) of test(s);
  - d. description of repairs and recommendations for repairs made by tester; and
  - e. the tester's name and certification number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retasted before service is restored.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is not applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

Issued: \_\_\_\_\_

ISSUED BY:

Effective: \_\_\_\_\_

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